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World Business Newspaper <http://www.ft.com>

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Chinese call on Taiwan to resume reunification talks

China called for a resumption of talks with Taiwan in an attempt to increase pressure on Taipei over speeding up progress towards reunification. China's leading negotiator with Taiwan, Tang Shubai, said Beijing wanted a peaceful reunification and an end to hostility. Page 10; Anger at impasse, Page 4

German discuss Euro problems: German businessmen met government officials to discuss expected problems when the D-Mark is replaced by the euro in European monetary union, even though the switch is not scheduled until 2002. Page 10

Revealed of the UK: the world's largest business services group which took control of BET earlier this summer, announced a 35.5 per cent increase in first-half profits to £134.5m (£209.8m). Page 11; Lex, Page 10

Hungary delays energy price rises: Hungary will postpone controversial energy price rises it promised international investors last year, after the cabinet rejected the state energy office's proposals. Page 2

Norske Skog, Norway's largest pulp and paper group, reported a 22 per cent jump in first-half earnings from Nkr1857m to Nkr1,048m (£182m). Page 13

Peru's president seeks third term: Peruvian opposition leaders have attacked an attempt by President Alberto Fujimori to stand for a third five-year term, saying it is unconstitutional and an effective coup d'état. Page 10

BASF, the German chemicals group, reported a 3.5 per cent increase in first-half profits to DM2.93bn (£1.95bn), after favourable currency movements lifted earnings by DM300m. Page 13

Australia leads push for N-test treaty: Australia said it would take the lead in international efforts to rescue a comprehensive nuclear test ban treaty following India's move to veto the draft text in negotiations in Geneva. Page 3

UN criticises Bosnian police: The United Nations said police in north-western Bosnia were failing to stop violence against opposition voters despite promises to support free and fair elections next month. Page 2

Egypt threatens to cancel conference: Egyptian president Hosni Mubarak threatened to cancel a Middle East economic conference in November unless the Israeli government started honouring its peace commitments. Page 3

Canon, the camera and office equipment maker, more than doubled first-half profits to ¥83.7bn (\$68.2m) following strong demand for semiconductor chips and computer-related products, and the weaker yen. Page 12

Apec members reject IT plan: Several Asia Pacific Economic Co-operation forum members distanced themselves from US proposals to liberalise trade in information technology, saying it would unfairly benefit US groups. Page 3

South Korea crack down on protests: The South Korean government said it would crack down on demonstrations after a riot policeman died following the recent protest at Seoul's Yonsei University. Page 4

Thousands attend Belgian girls' funeral:



About 5,000 Belgians attended the funeral (above) in Liege of two eight-year-old girls who starved to death after their abduction by a paedophile gang. The bodies of Julie Lejeune and Melissa Russo, who disappeared in June last year, were this week discovered by police in the garden of convicted child rapist Marc Dutroux.

Crickets: John Crawley's innings of 94 helped England reach 278 for six on the first day of the third Test against Pakistan at The Oval, London. Pakistan lead the three-match series 1-0.

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STOCK MARKET INDICES, GOLD, DOLLAR, LUNCHTIME RATES, OTHER RATES, NORTH SEA OIL

Exchange rates table for various countries including Australia, Austria, Belgium, Canada, Denmark, etc.

Surprise over sharper than expected reduction aimed at boosting recovery

Germany cuts repo rate to 3%

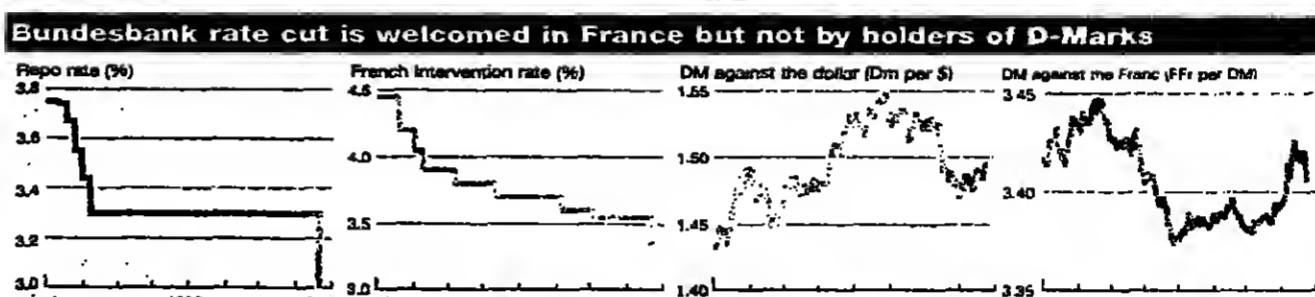
By Andrew Fisher in Frankfurt, David Owen in Paris and Richard Adams in London

The Bundesbank yesterday cut one of its key interest rates more sharply than expected in an apparent bid to reinforce the German economic recovery and help support the shaky French franc.

The German central bank lowered its securities repurchase (repo) rate, through which it influences the money market, from 3.3 per cent to a new low of 3 per cent, citing slower growth in the money supply as the main reason for the move.

European share and bond prices moved ahead on the news and the dollar strengthened against the D-Mark.

In London, news of the



Bundesbank's decision was greeted with shouts of surprise on trading floors.

The Bank of France quickly followed the Bundesbank, cutting its intervention rate by 0.2 percentage points to 3.35 per cent.

Last month, President Jac-

ques Chirac criticised the management of France's banking system and said French and German interest rates were "clearly too high". His remarks are widely believed to have contributed to this month's depreciation of the franc.

Yesterday, the French currency and the Paris stock market responded favourably to the reductions. The franc rose strongly against the D-Mark, to FFfr.409 at close of trading in London, from FFfr.421 on Wednesday.

The benchmark CAC-40

index closed ahead 0.56 per cent at 2,017.37, recouping virtually all the ground lost the previous day.

September PIBOR contracts, which show the level of French interest rate expectations, rose to 96.07, up 31 basis points on the day. At this level

dealers expect French interest rates to be about 3.93 per cent next month.

A repo rate cut had been expected after the Bundesbank took no action at its last council meeting in July, but most economists and traders had expected a cut to around 3.2 per cent. Several economists thought further repo cuts and even a lower discount rate - currently 2.5 per cent - were now possible.

Mr Hans Tietmeyer, Bundesbank president, said the reduced July growth rate in the M3, the broad monetary aggregate, announced this week was "decisive" in the

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Chechen refugees return to 'hell on earth' after Lebed grants reprieve

Civilians brave crossfire to go back to Grozny

By Chrystia Freeland in Alkhon Yurt, Chechnya

Two dozen citizens of Grozny, the shattered capital of Chechnya, yesterday set out on what is probably the most dangerous bus trip in the world.

They fled the city earlier this week after Russian military commanders gave civilians 48 hours to leave. Yesterday, Mr Alexander Lebed, Russia's national security chief, announced a reprieve and, in spite of fears that it might be a short one, they boarded a rickety bus and prepared to return home.

"All I possess is this dress you see me wearing, and it was given to me by kind people who took pity on us refugees," said Mrs Malika Sultaeva, a 38-year-old housewife returning to Grozny with her nine-year-old son and her husband. "Everything I ever created in my whole life is there: my home, my cows, my clothes. Without all this, there is no life for me, so I must go back."

From their starting point, a dirt road on the outskirts of Alkhon Yurt, they could see the dancing flames and clouds of black smoke from Grozny's blazing oil refinery.

Their driver predicted the journey would take no more than 15 minutes. But they would have to pass hostile Russian military checkpoints and travel along a road across which Russian soldiers and Chechen separatists regularly

Russian president Boris Yeltsin yesterday appeared in front of the mass media for the first time since his absence on holiday and rumours about his health, but kept his distance from the television cameras. Meanwhile, Mr Alexander Lebed, the national security chief, signed a ceasefire deal with Chechen separatists. Mr Lebed said he and Mr Aslan Maskhadov, the Chechen chief of staff, were ready to agree a nine-point deal for the partial withdrawal of troops from Grozny, establishing a joint military police to investigate breaches of the ceasefire. Report, Page 2

trade fire. The travellers expected to re-enter a city which one woman passenger described as "hell on earth" with little food, no running water or electricity and unburied corpses in the streets.

Most passengers said they were making the trip because, after two years moving between their city homes and the safer countryside, they were determined to protect the only possessions they had left. One, Mrs Zara Gatsaeva, said: "If the federal forces [Russian soldiers] don't take it, our own marauders will."

Sitting next to her was Mrs Zoyna Ustapova, a frail, elderly woman who had survived as a girl Stalin's mass deportation of the Chechen people to central Asia. She insisted: "I am not feeling back to my home, I am going back to retrieve my daughter's corpse."



Russian president Boris Yeltsin returned, after a mysterious two-day break, to the Kremlin where he greeted Tatyana Dmitrieva, who is set to be named health minister

US crackdown puts pressure on cigarette groups

By Richard Tomkins in New York and Patti Waldmeir in Washington

Political and legal challenges were yesterday converging to put the US tobacco industry under some of the most acute pressures it has recently faced.

President Bill Clinton was expected to announce as early as today a crackdown on underage smoking by giving the Food and Drug Administration sweeping powers to regulate cigarette makers.

Separately, the industry is awaiting the outcome of an Indianapolis court case in which the big tobacco companies are being sued over the death of a smoker from lung cancer. The jury could deliver its verdict today.

Tobacco stocks have slumped amid worries over the Indianapolis case because it follows a verdict two weeks ago by a jury in Florida awarding \$750,000 against the industry. That decision, in a similar case, stunned tobacco manufacturers, which had never previously paid out any dam-

ages. Investors fear another verdict against the cigarette makers will open the flood gates to vast numbers of claims.

At midday in New York yesterday, shares in Philip Morris, the biggest US tobacco company, were 51/4% down at \$36.75, some 18 per cent below the level of two weeks ago. Shares in RJR Nabisco, the second biggest tobacco company, were up 5/4% at \$25 - some 21 per cent below their level two weeks earlier. In London, shares in BAT Industries, parent of the US's Brown & Williamson Tobacco, closed 24p down at 422p.

Mr Clinton's expected move against under-age smoking, first proposed a year ago, worries tobacco manufacturers not so much because of its new limits on the advertising and sale of cigarettes, but because it means bringing the industry under the regulatory authority

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Telefónica and Kirch link up in digital TV venture

By David White in Madrid and Raymond Snoddy in London

Telefónica, the partly privatised Spanish telecommunications organisation, has agreed in principle with Germany's Kirch group to set up a digital television joint venture in Spain which would involve investments estimated at Pta150bn (\$1.2bn).

Telefónica said other shareholders might join the planned venture, the latest move in a Europe-wide race to launch digital television systems capable ultimately of offering several hundred television channels.

British Sky Broadcasting, the UK satellite venture controlled by Rupert Murdoch's News Corporation already has a digital TV joint venture with Kirch in Germany and is seriously interested in joining in the Spanish venture.

Mr Villalonga first outlined Telefónica's ambition to establish a "platform" for digital television channels last month. The company said the move was part of its strategy of being involved in all areas of telecommunications.

The main focus of investment would be not so much on satellite communications, in which Telefónica was well placed, but on new multi-use decoders.

Plus, the Spanish affiliate of the French group already providing encrypted television, would not be excluded from the new system.

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Yeltsin returns with harsh words for Lebed

President is trying to distance himself from the Chechnya debacle, writes John Thornhill in Moscow

President Boris Yeltsin, who has been out of the public eye for two weeks, yesterday returned to the Kremlin in an attempt to reassert his authority in a city rife with rumours about his ailing health and political demise.

In his customary style, Mr Yeltsin sought to distance himself from responsibility for the latest upsurge of fighting in Chechnya, adding he was "not fully satisfied" with the performance of Mr Alexander Lebed, his national security adviser, who has been trying to bring peace to the region.

"One has to remember that when [Lebed] met with voters he consistently promised to solve the problem of Chechnya if he had power. Well, now he has power. But, regrettably, the

results of his work in Chechnya are still not visible," he said, in an interview with the semi-official RIA Novosti news agency.

The president said he received regular updates about the situation in Chechnya but did not appear to be aware of developments in the region. His comments came only hours before Mr Lebed made an apparent breakthrough in talks with the Chechen separatist leaders to reach a lasting ceasefire.

Following a meeting with Mr Aslan Maskhadov, the Chechen chief of staff, Mr Lebed claimed both sides were ready to sign a nine-point agreement providing for the partial withdrawal of troops from Grozny, the Chechen capital, and establishing joint military police officers to investigate breaches of the ceasefire.

"[Russian] troops will be withdrawn from Grozny because constitutional order cannot be introduced using air and artillery strikes," he said. "They will be with-

drawn from the whole of Chechnya. Mr Lebed also claimed to be on the brink of sealing an elusive political agreement defining the constitutional status of Chechnya. "I will come back with a draft political agreement in two days. We will discuss it and sign it."

Sporadic fighting continued in Chechnya yesterday and it was not immediately clear how Mr Lebed would be able to bridge the seemingly irreconcilable differences between the two sides over Chechnya's constitutional status. Granting Chechnya independence would require an amendment to the Russian constitution and has been repeatedly rejected as an option by Mr Yeltsin. But Chechen militants have said they will settle for nothing less than full autonomy. Several previous ceasefires have collapsed.

The Communist press in Moscow already appears to be sharpening knives for Mr Lebed if he signals a humiliating withdrawal from the region. The former general will have to devise some formula to preserve the dignity of the Russian military but he appears ready to defend his actions.

"I predict attacks by jingoistic patriots and jingoistic democrats for signing the

accord," he said. "Anyone who is unhappy is welcome to complain, including to the president and God Almighty himself."

Any lasting peace deal with Chechnya would be a considerable boost to Mr Lebed's ambitions to become president. Despite his preoccupation with Chechnya, he has still found time to write to Mr Victor Chernomyrdin, the prime minister, urging him to revise next year's draft budget.

According to the Interfax news agency, he called for more government spending on the armed forces and investment, and suggested raising import and gas export duties to increase federal revenues.

Mr Yeltsin yesterday completed the formation of his new government and empha-

sized the need to pursue reform. Russian television showed fairly full excerpts of him answering selected journalists' questions and greeting his newly-appointed health minister in his Kremlin study.

The 65-year-old leader looked somewhat unsteady on his feet but spoke clearly and appeared in control of his faculties. Commenting on rumours that he intended to take a holiday in Switzerland, Mr Yeltsin said: "Thanks to the press for the invitation, but I cannot go as there are problems which should be solved here."

His reappearance will quash the worst but do little to suppress the intense speculation about who holds the levers of power in the Kremlin.

The rate cut cliffhanger has been settled in style, writes Andrew Fisher in Frankfurt

Bundesbank springs surprise on markets

The Bundesbank pulled a bigger rabbit out of the hat than expected. After keeping financial markets on tenterhooks for weeks by holding out the prospect of an interest rate cut and then sitting tight, the German central bank yesterday finally ended the suspense in style.

Its decision to lower the securities repurchase (repo) rate from 3.20 per cent to 3 per cent, rather than to around 3.20 per cent, appeared to have been made at least as much for international as for domestic reasons. Concerns about France's economic outlook, and its chances of meeting the criteria for European monetary union, have put pressure on the franc recently.

"You can make a case for saying the Bundesbank acted as much for Europe as for themselves," said Mr John Butler, bond analyst at WestLB Research. "This

could be considered the first European act of the German central bank."

Certainly, the repo cut was greeted enthusiastically in financial markets, with an immediate rise in the dollar against the D-Mark, higher German bond and share prices and an easing of pressure on the French franc. Helping to bolster the French currency, the Banque de France also cut its intervention rate from 3.55 to 3.35 per cent.

Mr Klaus Friedrich, chief economist at Dresdner bank, said the repo move showed the Bundesbank's "European awareness". However, apart from paying closer attention to European economic needs ahead of Emu, it was also looking to the needs of German exporters.

"There is a feeling that the repo cut would not have a big direct impact on the German economy, it would lower the D-Mark against the dollar

and other currencies and make it easier to sell German goods abroad. "The Bundesbank knows the external value of the D-Mark is a very critical factor for the economy," Mr Friedrich added.

With inflation low, economic recovery hesitant and growth in the money supply easing, the scope for a cut in the repo rate has been increasing for some time.

The German economy returned to growth in the second quarter amid signs that the country is gradually pulling out of the "growth pause" that started in the middle of last year, the economics ministry said yesterday, writes Peter Norman in Bonn.

The ministry indicated that official figures to be published on September 5 would show a "marked" increase in seasonally adjusted real gross domestic product in the second quarter, compared with the first three months, and a gain of about 1 per cent over the second quarter of 1995. German GDP in the first quarter contracted by 0.5 per cent compared with the preceding three months and was only 0.3 per cent higher than the year before.

In its latest monthly report, the ministry said there was a "pronounced" increase in demand for manufactured goods, with higher domestic orders bolstering already stronger export demand. However, the construction sector continued to experience a cyclical downturn. The labour market continued to be depressed with the economic opening still too weak to trigger a rapid easing of Germany's high unemployment rate of just over 10 per cent.

Bundesbank directors have been saying that the M3 trend would be watched closely to see if the room for manoeuvre was finally large enough for action.

This week's news that M3 in July had slowed down to an annualised growth rate of 8.6 per cent, compared with a target range of 4.7 per cent for the year, provided the right conditions. A repo cut had also been expected at the end of July, before the Bundesbank's summer break, but it still regarded M3 growth as too high to justify this.

The repo rate, which the central bank uses to steer short-term money market rates, was left unchanged when it cut the discount and lombard rates to 2.50 and 4.50 per cent respectively in April.

Yesterday, Mr Hans Tietmeyer, the Bundesbank's president, said the downward trend in M3 was the

EUROPEAN NEWS DIGEST

Simitis calls early election

Greece's prime minister, Mr Costas Simitis, yesterday called an early general election on September 22. The announcement followed a special cabinet meeting. His mandate does not expire until autumn next year, but Mr Simitis said the country's ailing economy and tense relations with neighbouring Turkey necessitated an early poll.

Mr Simitis, 60, is one of Greece's most popular politicians and poll analysts give his Pasok Socialist party a slight edge over the main opposition conservative New Democracy party. Mr Simitis, who replaced Mr Andreas Papandreu, the party's late founder, as premier in January, wants a public mandate to push on with tough economic decisions aimed to bring Greece in line with its European Union partners.

Reuters, Athens

Austria's Haider for trial

Austrian state prosecutors said yesterday they would start legal proceedings this week against Mr Jörg Haider, leader of the far-right Freedom party, alleging defamation of the character of Mr Casper Eismann, the interior minister. The prosecutors said remarks at a Freedom party convention "pertained to Eismann's alleged abuse of office", but did not say what the remarks were.

The Interior Ministry said the case also concerned allegations by Mr Haider that Mr Eismann had spent time in jail on a drugs offence. Mr Haider, his spokesman and his lawyer were not available to comment.

After proceedings start, a court will set the date for a trial. If found guilty, Mr Haider could face up to a year in jail. Members of parliament are normally guaranteed immunity from prosecution but a special parliamentary committee revoked Mr Haider's immunity last March. In 1991, he was forced to resign as governor of Carinthia after praising Hitler's labour policies.

Reuters, Vienna

Denmark set for 1.8% growth

Denmark's Economic Affairs Ministry has held firm on its predictions for growth, despite encouraging employment figures and stronger growth in all sectors of the economy. It repeated its May forecasts of 1.8 per cent growth in gross domestic product this year a further 3 per cent in 1997.

Ms Marianne Jelved, economics minister, also reaffirmed the government's commitment to reducing the budget deficit which this year is forecast to fall from 1.6 per cent of GDP to 1.5 per cent, while in 1997 it is predicted to be only 0.5 per cent.

The government sees inflation at a modest 2 per cent for the rest of this year, rising to 2.5 per cent in 1997. Total employment is expected to rise by 18,000 this year and by 30,500 next. Unemployment, projected at 550,000 this year, is forecast to fall by 10,000 in 1997. This represents a rate of 8.8 per cent of the labour force.

Andrew Arnold, Copenhagen

Bulgarian airline deeper in red

Bulgaria's state-run Balkan Airlines slipped deeper into the red in the first half of the year, a Transport Ministry official said yesterday. The airline is among 70 indebted state companies due to be restructured under a government austerity programme agreed with the International Monetary Fund.

The government blamed losses of about Lvl.6bn (\$9m) - up from Lvl.650m in the same period last year - on the weakening of the Bulgarian currency. The lev has lost 80 per cent of its value against the dollar this year. Balkan's debts are estimated at \$13.4m and will increase to \$15m this year, ministry officials said, adding that the company would try to reschedule them.

Meanwhile, the Privatisation Agency said it had sold six hotels and restaurants in the Black Sea resorts of Zlatni Pyasitsi and Slanitsa for Lvl.78.7m. The Bulgarian-based buyers will have to invest some Lvl.3bn over three years. The government also approved plans to sell up to 75 per cent of the debt-ridden Plovan oil refinery.

Reuters, Sofia

Irish detain Japanese trawler

Irish naval officers yesterday shadowed a Japanese trawler and escorted another to port in a crackdown on illegal fishing in Ireland's western waters. It was the first time the authorities had detained a Japanese vessel inside the 200-mile "Irish box" on suspicion of illegal fishing.

A senior naval official told Irish radio that officers were preparing to board a Japanese vessel found inside the Irish box yesterday. A second vessel was being escorted to Cork in southern Ireland, after being found in the Irish box earlier this week. A further 30 Japanese vessels are grouped just outside the boundary.

Reuters, Dublin

Corsican truce 'at an end'

Corsican separatists yesterday announced they were ending a shaky seven-month "truce" and accused the French government of reneging on secret commitments. Mr Jean-Louis Debra, the interior minister, quickly promised that police would catch those responsible for a series of attacks on state targets on the French Mediterranean island, and accused the perpetrators of sabotaging efforts to pull it out of an impasse.

The separatist announcement came after two overnight bombings caused minor damage to tax collection offices in Calvi and welfare offices in Ile Rousse, both in the north-east of the island. No one was injured.

No one claimed responsibility for the attacks but investigators said they were most probably part of an apparent resumption of two-decade-old separatist violence.

Reuters, Ajaccio

Turkish party leader emerges from shadows

Turkey's conservative opposition leader will break nearly two months' silence tomorrow when he puts forward his name for re-election as party leader.

Mr Mesut Yilmaz, leader of the Motherland Party, practically vanished from the public scene at the end of June.

His short-lived government collapsed after Mrs Tansu Ciller, leader of the rival centre-right True Path party, pulled out of his coalition to form a new government led by the Islamist Refah party of Mr Necmettin Erbakan.

Although Refah's populist policies have won over the country's economy and Mr Erbakan has made gaffes and blunders offering innumerable opportunities for point-scoring, Mr Yilmaz has remained silent.

Still, he is expected to win re-election despite his uninspiring leadership. Only one little-known candidate has entered the ring against him.

A ponderous speaker, overshadowed by Mrs Ciller and Mr Erbakan, both flamboyant and effective campaigners, he has led Motherland to two general election defeats since becoming leader in 1991.

He lost to True Path in last December's elections despite Mrs Ciller's poor record in government. Mr Yilmaz returned briefly to power this year only to be outmanoeuvred by her.

Mr Kamran Inan, a senior Motherland MP, said: "Mr Yilmaz will be re-elected but there is growing opposition. There is a feeling he is trying to set up a party to be in opposition, not to be in power."

Mr Yilmaz should take about 800 out of 1,200 votes at tomorrow's conference because, as party leader, he was able to select the majority of the delegates.

However, his opponents hope such a large opposition contingent will force him to hold an extraordinary conference where a more convincing candidate could be tempted into the field.

Most commentators agree Motherland lacks charismatic potential leaders to establish it as the centre-right secular alternative to Refah. Mr Inan warns the party may "lose more and more ground and Turkey will become more and more radicalised. The next five to six years will be the era of Refah".

UN spokesman, Mr Alex Ivank. The authorities of the Moslem-controlled Bihac region have been scolded by the UN consistently in recent weeks for attacks on opposition voters, often using explosive devices.

Active harassment and intimidation of the political opposition in the area began in June when an SDA loyalist struck Bosnia's former prime minister, Mr Haris Silajdzic, on the head with an iron pipe. Mr Silajdzic is now the chief rival to Mr Alija Izetbegovic, the country's president and head of the SDA.

UN monitors recently received a letter from a local opposition party accusing nine police officers and eight



Election posters cover the wall where 19 people queuing for bread were killed at height of the war

UN criticises Bosnian police over poll campaign violence

The United Nations said yesterday that local police in northwestern Bosnia were failing to stop violence against opposition voters despite promises to support free and fair elections, scheduled for September 14, Reuters reports from Sarajevo.

The intimidation suffered by people affiliated with opposition parties may leave them too frightened of reprisals to vote in the country-wide elections, the UN said.

Three explosions damaged the houses of supporters of political parties opposed to the ruling Moslem nationalist SDA party in the town of Cazin, in the northwestern Bihac area of the Moslem-Croat federation, said

SDA supporters of intimidation. Last week the UN won assurances from senior Moslem-Croat and Serb police officials that they would instruct their forces to support free and fair elections.

Exasperated by security promises constantly being broken, Mr Ivankovic said it was "disheartening to see that statements and agreements made at the level of ministers of interior... for some reason do not materialise at the local level. It seems that the situation is not getting better, it's getting worse," he said. "It's very tense in Cazin and the local police are not doing anything... to try to change the situation."

Government caught between conflicting pressures from public and investors

Hungary to delay energy price rises

Hungary is to postpone the controversial energy price rises it promised international investors last year, after the cabinet yesterday rejected the state energy office's price proposals and ordered a review of the matter by a new committee.

Government officials said the price increases would come into force in January, not October as it told western utilities which invested nearly \$2bn in electricity and gas sector privatisation

last autumn. In the meantime, a group of as yet unnamed experts would have two months to study the options.

"Some of the figures proposed were too high, others were too low. There were also unnecessary costs [included by energy companies]," the government spokesman said.

The government promised investors in power generation and gas and electricity distribution companies many of which are loss-making and require substantial modernisation - that it

would move to a cost-reflective price regime, including a guaranteed 8 per cent return, by 1997.

This could mean, however, large and deeply unpopular price increases to which many cabinet members are reluctant to agree. The issue is believed to have been a factor behind the resignation of the industry minister last week.

"The government is caught between angry consumers and angry investors," one western executive said yesterday. "But its credibility would be severely

marked if it didn't push through the promised changes. It must move quickly to remove the uncertainty. Otherwise the sector won't get the investment it so badly needs."

Western companies said they had no prior warning of yesterday's decisions and that they would be jointly seeking clarification.

Stakes in the energy companies were sold to continental European utilities, mainly from Germany and UK, groups pulled out at the last minute, citing concern

By Virginia Marsh in Budapest

صكنا من الاعمال

Mubarak threat to cancel summit over Israeli stance

By Sean Evers in Cairo and David Gardner in Jerusalem

President Hosni Mubarak of Egypt threatened yesterday to cancel a Middle East economic conference scheduled for November unless the right-wing government in Israel started meeting its peace commitments.

In spite of Israel's declaration of respect for the principles on which the peace process was founded, Mr Mubarak said: "No progress has been made on the ground... I call on Israel to make progress, otherwise the economic summit will be irrelevant."

Scheduled to take place in Cairo on November 12-14, the US-sponsored regional conference is intended to promote economic integration between Israel and its Arab neighbours, with the political settlement. But the peace process has been stalled since the May election of the Israeli government. Prime



Hosni Mubarak: saw no progress 'on the ground'

Minister Benjamin Netanyahu abandoned the "land for peace" principle and lifted a four-year freeze on new Jewish settlements in Palestinian self-rule areas. The redeployment of Israeli troops from the Palestinian town of Hebron is now five months overdue.

Mr Mubarak said that after giving Mr Netanyahu more than two months to act on peace, the world could not wait much longer. "We are worried that the length of time could affect the peace process. If there's no clear progress in the implementation of the agreements and entering negotiations, I believe that many countries will not come to the conference," he told academics in Alexandria.

The Egyptian president's remarks were the strongest sign yet that Egypt is reconsidering going ahead with the conference, the third in a series. Israel and most Arab states attended the previous two, held in Casablanca in 1994 and Amman in 1995. Cancellation would deal a serious blow to US-backed attempts to provide economic foundations for domestic in the Middle East. It could also have a serious impact on the Israeli economy. In the last four years of

Arab-Israeli peace-making, Israel's economy has been able to grow 25 per cent, because it broke out of diplomatic isolation and new markets - particularly in Asia - opened up to it.

As a key intermediary in the peace process, Egypt believes that Israel's recent economic success has lent heavily on the legitimacy provided by the peace process and conversely Arabs can pressure Israel by withdrawing their approval. Cairo, which hosted the first Arab League summit in six years at the end of June following Mr Netanyahu's victory, is under pressure from other Arab countries to make back commercial and diplomatic ties with Tel Aviv. The June summit warned that the process of "normalisation" with Israel would stop if the Netanyahu government stuck to its refusal to negotiate the return of conquered Arab land in exchange for peace.



Palestinian president Yasser Arafat accompanies Norwegian Terje Larsen, UN special envoy to the West Bank and Gaza, yesterday. Mr Larsen has warned that the Palestinian Authority faces financial collapse if an Israeli blockade is not lifted and promised international aid fails to arrive.

Ban on Arafat critic's books

The Palestinian self-rule administration of Mr Yasser Arafat has banned the books of one of its most eloquent and internationally renowned critics, Mr Edward Said, writes David Gardner in Jerusalem.

Mr Said, a Jerusalem-born Palestinian and US citizen, who is professor of English and comparative literature at Columbia University, has long advocated a peaceful settlement between the Palestinians and Israel. But he has strongly criticised the 1993 Oslo accords as an unworkable end to one-sided as to amount to a capitulation by Mr Arafat.

made. The Palestinian ministry of information was unable to comment on the ban yesterday, but two booksellers in Ramallah, near Jerusalem, said they had been told to withdraw the books. Ms Zeinah Estrabadi, Mr Said's secretary in New York, confirmed the ban but said the professor was hospitalised with pneumonia and unavailable for comment. Mr Ziad Abu Amr, a member of the Palestinian legislature, told Reuters news agency he would be raising it in the legislative council.

The ban fits into a widening pattern of abuses by Mr Arafat's increasingly autocratic administration, including the death warden torture of nine dissidents. Since a series of suicide bombings inside Israel in February and March, Mr Arafat has come down hard on Islamic fundamentalist factions such as Hamas. But even before then he was in conflict with a Palestinian civil society born out of the nationalist struggle.

Plan to overcome Indian veto

Australia to lead N-pact rescue effort

By Frances Williams in Geneva

Australia yesterday declared its readiness to take the lead in international efforts to rescue a comprehensive test ban treaty (CTBT) following India's formal move earlier this week to veto the draft text in negotiations in Geneva.

Mr Richard Starr, Australia's ambassador to the Geneva-based United Nations disarmament conference, said his government would work with "friends of the CTBT" to take the draft pact directly to the United Nations General Assembly in New York. "The treaty text must not be allowed to die," he said.

Unlike the 81-member disarmament conference, which operates by consensus, the General Assembly can approve the pact by majority vote. All five declared nuclear powers - the US, UK, Russia, China, and France - are backing the Australian move, but it is not clear whether they will become co-sponsors of the UN resolution.

Mr Starr said that in view of the "paralysis" in the disarmament conference, the broader international community should be given the opportunity to endorse the treaty. He underlined that it would be submitted to the General Assembly for approval without amendment. All five nuclear powers, in virtually identical language, yesterday repeated their support for the draft "as it is". "This is the text that can give us a treaty - no other," Mr Starr said.

now being observed by the five nuclear powers. But on Tuesday, India blocked agreement to transmit the text to New York. New Delhi objects to the treaty because it does not contain a time-bound commitment by the nuclear powers to scrap their nuclear arsenals and because it requires ratification by India (and at other nations in order to come into force).

Western nations regard these arguments as specious and many developing countries have also been dismayed by the Indian decision, widely seen as protecting the country's nuclear option rather than upholding a principled stance on disarmament. India tested a nuclear device in 1974.

Mr Stephen Ledogar, US disarmament envoy, acknowledged there was a risk that countries would try to unpick the text in New York but said he thought there was "a very good chance of success". Even without India's participation the treaty is seen as having moral dissuasive value. "The signature of this treaty by a credible number of states, including the five nuclear weapons states, will have an immediate impact on global behaviour," Mr Starr said.

ANC confesses rights abuses

By Roger Matthews in Cape Town

South Africa's ruling African National Congress yesterday named more than 30 men executed in its training camps in evidence it has submitted to the country's Truth and Reconciliation Commission.

After the carefully qualified apology made on behalf of the National party by former president F.W. de Klerk on Wednesday before the commission investigating human rights abuses committed during the apartheid era, it was the ANC's turn to justify its actions. While Mr Thabo Mbeki, deputy president, claimed the ANC had fought a "just war" against white rule, he also testified about some of the brutal aspects of that struggle.

Addressing the commission, chaired by Nobel prize winner Archbishop Desmond Tutu, he listed names of 34 men executed on the orders of military tribunals in ANC training camps in Angola. He said they had seriously violated the military code of conduct, sometimes by mutiny, including attacks on senior officers.

However, the ANC asked the Commission to understand the sometimes difficult conditions in the camps, and the effects of being under constant threat from the apartheid regime. Mr Mbeki said that the movement never accepted that power grew out of the barrel of a gun, but it would never have achieved freedom by relying on parliamentary opposition. "The majority of our country, oppressed as a colonised people, had an equal right as did other colonised people for self-determination, and to

engage in struggle to achieve this right," said Mr Mbeki. "We were therefore engaging in a just war," he added. The ANC, he said, had made a determined effort to ensure the "irregular war" was conducted according to international conventions, and any resultant behaviour not inconsistent with those aims "betrayed the humane character of the movement for national liberation".

Mr Mbeki, like Mr de Klerk the previous day, acknowledged there were also cases on the ANC's side, which the Commission might investigate as they could fall into the category of "gross human rights abuses". However, Mr Mbeki insisted that these were the exception, and had to be viewed within the context of the time. "We deeply regret the loss

of lives caused by operations of this nature," he said, "but the overwhelmingly majority of actions were carried out in the course of a just war of national liberation". The ANC also distanced itself from the practice of "necklacing" - putting a tyre around a victim's head and then setting it alight - and asked the Commission to understand the "highly abnormal circumstances in which such actions took place".

It suggested the practice had been initiated by members of the security forces, and used as a weapon with which to discredit the organisation. The Commission is investigating a series of atrocities carried out during the apartheid period, and has the right to give amnesty to those who fully confess, and provide reparations for victims.

IT liberalisation 'would benefit US'

By Edward Luca in Davao City, Philippines

Several South-east Asian members of the 18-nation Asia Pacific Economic Co-operation forum yesterday distanced themselves from US proposals to fully liberalise trade in information technology and products, claiming that the initiative would disproportionately benefit US businesses.

The US plan, which will also be discussed at the Apec heads of state meeting in Manila in November, was also short on detail, officials said. It did not specify a timetable for tariff cuts and it did not spell out exactly which product categories would fall under the plan. "IT is a potentially very broad area," said one south-east Asian delegate. "It could cover almost anything high-tech, so we need to sort out the nomenclature."

Delegates said the US hoped to persuade Apec to take a common stance on IT liberalisation as a method of raising pressure on the EU - also thought to be sceptical - to embrace the plan. Apec members, however, reaffirmed yesterday a pledge to push for full implementation of commitments under the 1994 Uruguay Round world trade accord before the December meeting. Apec, which has pledged to eliminate barriers to trade and investment by 2010 for developed members

and 2020 for developing members, also agreed a common line to push for early resolution in Singapore of the Uruguay Round's "unfinished business", notably on liberalising trade in financial services. Apec comprises the US, China, Canada, Chile, Taiwan, Australia, New Zealand, Mexico, Thailand, Malaysia, Singapore, Philippines, Indonesia, Hong Kong, Japan, South Korea, Papua New Guinea and Brunei.

WORLD TRADE NEWS DIGEST

S Korea foreign investment move

South Korea yesterday said it would offer foreign companies the free lease of state-owned land for a period up to 20 years as a part of a programme to encourage foreign investment. South Korea has one of the lowest rates of foreign investments in East Asia due to bureaucratic controls and the high cost of land. As part of its application to join the Organisation for Economic Co-operation and Development (OECD) this year, Seoul has promised to reform its foreign direct investment policy. The government reiterated earlier promises that foreign companies will no longer need state approval to make investments in the country from next year. Friendly mergers and acquisitions will be permitted, although the government reserves the right to approve agreed takeovers of companies with assets of \$2.5bn or more. Hostile takeovers remained banned, however. Foreign-owned enterprises will be able to borrow long-term loans of five years or more from their parent companies from 1999. John Burton, Seoul

Siemens in \$2bn China deal

Siemens, the German electrical and electronics group, said yesterday it was heading a consortium to equip one of China's biggest coal-fired power plants costing nearly \$2bn. With Foster Wheeler Energy of the US, Siemens power generation group KWU will provide more than \$700m worth of equipment and services. Siemens said its share of the consortium's contract would be at least 50 per cent. The contract for the plant, ordered by the Yangcheng International Power Generating Company (Yipco), was signed yesterday in Beijing. The plant will be one of China's largest at 2,100 MW. Siemens is involved in five coal-fired power plant projects in China totalling 5,100 MW. The plant will be built on a coal mine site 800 km south-west of Beijing in Shanxi province. Andrew Fisher, Frankfurt

Chip market 'worth \$24.6bn'

Dataquest, the technology research firm, says the worldwide market for semiconductors was worth \$24.6bn in 1995. The figure is the firm's first estimate of the global consumer electronics semiconductor market. Toshiba led the market, with nearly \$3.3bn in sales, and a 13.4 per cent market share, followed by NEC with \$2.7bn in sales and an 11 per cent market stake and Matsushita Electric with \$1.9bn in sales and a 7.7 per cent market share. Reuter, San Jose, California

Australia water deal for UK

A British-led consortium, headed by North West Water's Australian arm, has won a A\$110m (US\$82m) contract for 10 new water treatment plants to service rural areas of South Australia. The consortium, known as Riverland Water, will finance, build and operate the plants. Water will be supplied to households and businesses, with the first of the facilities due to come on stream by late next year. A second plant is due to be completed shortly afterwards and the rest will be brought into operation in 1998 and 1999. About half of Riverland Water's equity will be owned by North West Water Australia, with minority stakes by AMP Investments, the investment arm of the country's largest life office, and Bechtel Enterprises, part of the US-based engineering group. Nikki Tait, Sydney

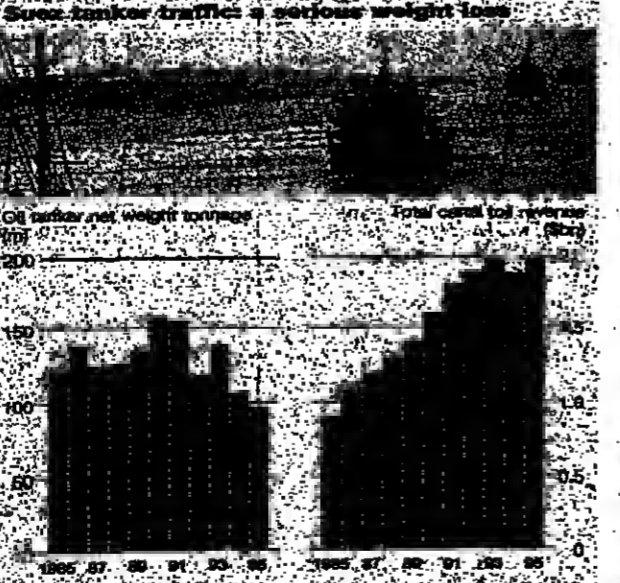
Suez Canal fights to win back trade

Sean Evers examines the challenges facing the Egyptian waterway 40 years after nationalisation

We shall all defend our freedom and Arabism. I announce the nationalisation of the Suez Canal. It is now an Egyptian national company," said General Abdel Nasser on 26 July, 1956. These historic words were greeted with frenzied applause throughout the Arab world, words which have been played and replayed ever since.

Forty years on, the real challenge for the Suez Canal Authority (SCA) is to win back traffic to the canal, especially the northbound oil tanker traffic, which accounts for one third of its \$2bn annual revenue.

This traffic has dropped by over 30 per cent between 1991-95, from 3,549 vessels to 2,473, with net tonnage cut from 156,900,000 to 96,980,000. The total number of vessels using the canal, the main conduit of maritime trade between east and west, has fallen from 19,791 in 1985, to 16,061 last year. The trend towards larger vessels for cargo and crude has worked against the canal, being unable to make the 195km run between the Red Sea and Mediterranean when fully loaded. Mr Ahmed Fadel, new chairman of the Suez Canal Authority (SCA), said he could see off challenges from the expanding oil pipelines threatening its share of the vital oil tanker traffic. Wa



could cut tariffs by up to 90 per cent if necessary. This year the SCA has frozen all tariffs at 1994 levels, and introduced special discounts for long-haul oil tankers. These include a 10 per cent cut for all oil tankers using the canal and a system of incentives based on the total volume of crude shipped by each customer. A discount of 20% for each round trip made by tankers carrying over 4m tons was also introduced. Before the canal was closed for eight years following the 1967 war, crude carriers made up over 65 per cent

PANAMA CANAL TOLLS TO RISE

The Panama Canal's tolls will increase in 1997 and 1998 to help pay for a 10-year, \$3bn expansion and maintenance programme, Reuter reports from Panama City. Panama Canal Commission officials proposed the general toll rate be raised 8.3 per cent on January 1, 1997, and 7.5 per cent on January 1, 1998, chairman Joe Reeder said. The rises were made necessary by acceleration of maintenance and capital improvements projects. "That acceleration brings forward some costs to the canal, which is very much related to the plan to raise tolls," he said.

longer, the SCA is working on an ambitious plan to deepen the Canal to 62 feet by the year 2000. This will accommodate the new generation of double hulled tankers ranging up to 250,000 dead weight tonnes fully laden. It is still a long way off the depth required for very large crude carriers (VLOCs), which draw between 68 and 70 feet when fully laden.

The canal's main weapon will be 'Masbour', the biggest dredger ever built, now being prepared for launch at the Kinderdijk shipyard of IHC Holland of the Netherlands. The new cutter dredger has an installed capacity of 30,080 hp and costs about \$100m. It is expected to join the SCA's existing 12 dredger fleet by mid-September. In March, the SCA completed the first round of dredging. The canal was deepened from 58 feet, to allow ships with a 65 foot draught to pass through. These steps have increased

on each metric ton of crude oil cargo rather than on the tonnage of the tanker. The maximum tolls for the round trip of such tankers, loaded and ballast, will be \$500,000. Even though the London daily Lloyd's list calculated that a large tanker could save up to \$200,000, few have been tempted. The Israeli Tipline is another competitor for north bound oil traffic, with a present pumping capacity of 0.7m bpd from Eilat. With the current stagnation of the middle east peace process, it is unlikely that Israel will attract, for the time being, any significant volumes of Gulf Arab and Iranian Oil. However, over the next five years, the Israel Port and Railways Authority will invest \$920m to develop facilities at Haifa and Ashdod ports. Despite the SCA's new initiatives, the seven months to July this year has seen 122 fewer oil tankers pass through the canal, with a 16% fall in net tonnage, compared with the same period last year. This is combined with a 2.4 per cent drop in total canal revenue, one of Egypt's main sources of foreign currency. In the background is whether the SCA should continue as a state-owned entity. It is a question that will have to wait until well after the 40th anniversary celebrations of nationalisation have ended for an answer. Tolls of \$0.63 will be levied

NEWS: ASIA-PACIFIC

China shows anger at Taiwan impasse

Since Taiwan's March presidential elections a silence had settled across the Taiwan Strait after the sound and fury of the pre-election period, when China lobbed missiles into waters off Taiwan and lambasted its president as someone destined for the "dustbin of history".

But now Beijing has resumed its call for "political talks" in what is being interpreted as an attempt to exert renewed pressure on the Taipei leadership at a time when it has begun to show signs, once again, of wanting to enlarge Taiwan's international living space.

China may also be reacting to a statement earlier this month by Taiwan's President Lee Teng-hui in which he expressed concern about the size of Taiwanese investment flows to the mainland. This cast a shadow over plans by Formosa Plastics to build a \$3bn power plant in Fujian province. The Zhangzhou plant would be easily Taiwan's largest China investment.

Frustration is behind Beijing's demand, writes Tony Walker

Increasing involvement of Taiwan business in its economy as a potent catalyst for reunification. Western officials believe Beijing's decision to break its silence over the failure to resume negotiations with Taiwan also reflects frustration with a lack of progress since the Taiwanese presidential elections in March.



Carrying a big stick: The Chinese navy fires missiles in exercises off the Fujian coast

mean by "one China". While Taiwanese leaders still espouse the reunification of "one China", Beijing suspects president Lee Teng-hui favours a "splitist" policy of "one China, one Taiwan" or "two Chinas". Beijing may also have been influenced to increase pressure on Taiwan at this time by its recent diplomatic success in persuading the African state of Niger to switch its recognition from Taiwan after four years,

INTEREST RATES CUT IN BID TO MAINTAIN GROWTH

China yesterday announced a substantial cut of 1.2 percentage points in its lending rate in an apparent attempt to maintain strong economic growth. Tony Walker reports from Beijing. Deposit rates came down by 1.5 percentage points.

working capital would be reduced to 9.18 per cent for six months and 10 per cent for a year. Loans for fixed assets would attract rates between 10.08 per cent and 12.42 per cent. Xinhua said the cuts were in response to a further easing in inflation and were aimed at reducing the interest burden on state enterprises. Retail price inflation was down to 5.8 per cent in July compared with the same period last year.

Jakarta proposes deal with Megawati

By Manuela Saragosa in Jakarta

An Indonesian court has postponed the hearing of a legal suit against the government filed by Ms Megawati Sukarnoputri, the ousted opposition leader, because her lawyers have agreed to study a government proposal for an out-of-court settlement.

Ms Megawati, who did not attend the hearing, is suing the government for supporting a congress of the Indonesian Democratic Party (PDI) which she argues deposed her illegally as the party's leader. Her lawyers have agreed to study the proposal and return to court on August 29.

Her chief lawyer, Mr R.O. Tambunan said an out-of-court settlement would be possible only "if the defendants share our perception" that the PDI congress was illegal. Her supporters have dismissed suggestions that Ms Megawati is retracting her case by agreeing to negotiate with the government's proposal, arguing that this is a standard procedure in civil cases in Indonesia.

"Whether we argue in court or out of court, the issue is the argument itself," said Mr Kwik Gian Gie, an economist and one of Ms Megawati's advisers. Agreeing to discuss the government's proposal "doesn't mean we withdraw the suit."

Observers say the government proposal, details of which were not made public, is likely to fall short of accepting the claim that the PDI congress in June was illegal. The government is believed to have backed the move to depose Ms Megawati because it feared she could cut into President Suharto's ruling Golkar party's votes at next year's elections.

Its attempt to reach an out-of-court settlement is seen as an attempt to remove the case from the public eye.

Ms Megawati's agreement to study the proposal is a sign she wants to abide by the law, her supporters say. Although her removal from the PDI leadership led to some of the worst rioting for two decades, Ms Megawati says she rejects violence and has vowed to pursue her leadership battle through legal channels.

At an official ceremony earlier this week, Indonesia's three government-sanctioned political parties pledged to support President Suharto and avoid criticism of each other in the run-up to next year's general elections. Leaders of all three parties were pictured shaking hands and embracing.

The government yesterday criticised a US decision to reconsider the sale to Indonesia of at least nine F-16 jet fighters, originally marked for Pakistan, because of Jakarta's human rights record.

Prosecution drops Elliott case



Elliott: attacked prosecution

By Nikki Teit in Sydney

Mr John Elliott, the Melbourne-based businessman who sprang to international prominence as the head of the Elders IXL brewing and agribusiness group in the late 1980s, was yesterday formally acquitted of theft and conspiracy charges. Two business associates - Mr Peter Scanlon and Mr Ken Higgins - who had been charged with Mr Elliott were also cleared.

The dramatic end to the costly, three-year-old legal action came after the prosecution announced that rulings by the judge meant it no longer had a sustainable case to present, since most of its evidence had been deemed inadmissible.

In a ruling on Wednesday, Justice Frank Vincent said that the National Crime Authority had acted unlawfully in its investigation of the case and that "the fruits of the NCA's unlawful activities should not be admissible in evidence".

A triumphant Mr Elliott, who had maintained his innocence throughout, immediately lashed out at the NCA, which he had claimed from the outset overstepped its authority.

"They did not want the facts, they wanted to entrap. They were not seeking justice and truth, only glory by trying to knock off a tall poppy," he said, calling for a royal commission into the NCA.

The NCA, however, said that while it accepted the judge's ruling, it did not agree its actions had been unlawful. In the interests of clarity, the Director of Public Prosecutions, who brought the case against Mr Elliott, is to appeal against the judge's ruling, a move which the NCA said it welcomed.

"While it will not affect today's outcome, it will be important in clarifying the legal power of the authority," it said.

The charges against Mr Elliott were first laid in 1993, and he was freed on bail of A\$450,000 (US\$353,000). The prosecution had claimed the businessman conspired to disguise the theft of A\$6.5m under the guise of two fictitious foreign exchange transactions in 1988.

Japanese worry over security after kidnap

By Eniko Terazono in Tokyo

Prime minister Ryutaro Hashimoto's visit to Mexico this week may have helped spur the release of the kidnapped Sanyo executive, Mr Mamoru Konno, but the next Japanese businessman abducted overseas may not have the good fortune of a prime ministerial presence.

The kidnapping highlighted the vulnerability of Japanese expatriates to abductors. Mr Konno, head of a Sanyo Electric subsidiary, was released for a \$2m ransom on Monday. But next time Japanese companies will need to be better prepared, says Mr David Bong, head of the Japanese operations of Kroll Associates, the US risk management consultants.

"The Sanyo incident has set a dangerous precedent since it makes other criminals think they can get away with the same thing," he says.

The abduction of Mr Konno was not the first kidnapping of a Japanese executive. In 1982 the president of a subsidiary of Matsushita, the electronics company, was abducted and murdered in Costa Rica, and four years later, in Manila, a Japanese manager at Mitsui, the trading company, was detained for 137 days.

Risk management consultants say Sanyo's handling of the case was questionable on two fronts. First, it failed to control the flow of information, with the Mexican police and corporate officials allegedly leaking details to the press.

Second, the disclosure of the high ransom payment could also create problems for other companies. Japanese companies, while acknowledging that Sanyo had done its best, have expressed concern that the large ransom could encourage other potential kidnapers. "Paying out Y200m for one person may cause people to think, for instance, that kidnapping three would be an easy Y600m," says a senior official at a Japanese electronics company.

The affair has caused many Japanese companies to review their security and crisis management measures for their overseas operations. Mitsubishi Electric has asked the consultants which provide information on local safety in Mexico to advise the company on risk management.

Nissan Motor has asked its international network to reconfirm security measures. Some of its executives, for instance, have changed their commuting schedules.

A report inspired by the Sanyo affair and published this week by the Tokyo-based Council for Public Policy, a think-tank specialising in risk management, urges companies to set up a risk management team within the organisations. The council, which is affiliated to the national police, says: "Japanese companies and expatriates need to realise that they are a symbol of a wealthy country and stand out. They should also acknowledge that all companies face the risk of being targets."

Seoul vows to get tough with demonstrators

By John Burton in Seoul

The South Korean government has announced it will crack down on demonstrations following recent violent student protest at Seoul's Yonsei University, which claimed its first fatality yesterday with the death of a riot policeman from brain injuries.

Officials said rules governing rallies would be tightened, with organisers needing to obtain the written approval of owners of facilities near assembly sites. The cumbersome procedures could in effect outlaw future student demonstrations.

But opposition critics warned that the new controls could further radicalise the student movement by increasing the chances for clashes with police.

The nine-day student occupation of Yonsei University was triggered after the government banned a demonstration calling for the reunification of the divided Korean peninsula based on North Korean proposals.

The protest at Yonsei ended on Tuesday when police stormed the university and arrested 3,200 students. The riot policeman who died yesterday suffered brain damage from a rock thrown by a student.

The death toll could climb, with several other policemen and students listed in critical condition. The police are hunting for leaders of Hanchongnyon, the national student organisation that sponsored the demonstration. The government yesterday branded it a "leftist violent organisation" and said its organisers would be prosecuted under the anti-communist National Security Law.

Mr Kim Young-sam, the South Korean president, described the Yonsei protest as an "urban guerrilla operation" and vowed harsh punishment for its leaders. The police have also warned that its forces will be allowed to use guns, instead of batons, against demonstrators armed with fire-bombs and steel pipes. The police crackdown has enjoyed wide public support, with 80 per cent saying they approved the action. Government officials say they outlawed the Yonsei rally because it would have been regarded by North Korea as a sign of South Korean weakness if it had been permitted to be held. North Korea has scored a propaganda triumph from the police action by using televised footage of the event to convince its citizens that South Korea is still controlled by a "traitorous clique" that oppresses the masses.

ASIA-PACIFIC NEWS DIGEST

Vietnam jails dissidents

Two prominent critics of the Vietnamese government were jailed yesterday and another received a suspended sentence for allegedly revealing state secrets after a trial condemned by human rights organisations. Le Hong Ha, a 70-year-old former security official, was jailed for two years while Ha Si Phu, a scientist and writer aged 55, received a one-year term, an official of the Hanoi People's Court said. Former editor Nguyen Kien Giang received a suspended sentence of 15 months.

All three were outspoken critics of the government or Communist party. They had been campaigning for more democracy and for the rehabilitation of victims of past political purges. During the trial, they maintained their innocence of charges of revealing state secrets under a Criminal Code, which allows for seven years in jail, the official said. The three are believed to have been caught with copies of a top-secret letter sent last August by Prime Minister Vo Van Kiet to other members of the Politburo in which he called for deeper political and economic reforms.

AFP, Hanoi

Philippine market turmoil

The Philippine foreign exchange market was plunged into chaos yesterday by false rumours that the national defence chief had been killed in an ambush. "Relax, I'm alive," Mr Benato de Villa later told a news agency. The rumour sent the peso plummeting to 26.35 to the US dollar from 26.197. Mr de Villa said he had ordered military intelligence units to investigate the rumours, which traders said swept the normally placid market late in the afternoon.

Reuters, Manila

Pro-Indian militants killed

Fourteen members of a pro-India militant group were found dead in south Kashmir yesterday, police said. The victims, all members of the Moslem Mujahideen, were found in Anantnag district, about 50km south-east of Srinagar, the state's summer capital, they said. Moslem Mujahideen is one of several groups that back Indian rule in the troubled province and which clash regularly with separatist militants.

Reuters, Srinagar

S Asian child labour pledge

Ministers representing the seven members of the South Asian Association for Regional Co-operation yesterday ended a three-day ministerial meeting with an agreement to end child labour in hazardous professions by the turn of the century. The ministers also agreed to end all forms of child labour by 2010. Mr Sher Afghan Niazi, Pakistan's health minister, speaking on behalf of the member countries said: "We have recognised this problem (of child labour), we will vigorously combat this problem."

Farhan Bokhari, Islamabad

N Korean diplomats expelled

Sweden said yesterday it had expelled three North Korean diplomats in Stockholm, accusing them of being involved in cigarette smuggling. Mr Staffan Bjorck, foreign ministry spokesman, said the three were ordered to leave the country in July after they were caught smuggling in the Estonian capital of Tallinn. Pyongyang's ambassador to Sweden had not been expelled, Mr Bjorck added.

Reuters, Stockholm

WOULD YOU RATHER DRIVE THE LUXURY CAR ON THE LEFT, OR THE ONE ON THE RIGHT?

On the one hand, the 7 Series is a performance machine perfected on a racetrack at the Nürburgring, on a circuit so demanding it is no longer used by Formula One racing cars. On the other, it is a hushed environment that silently whisks you to your destination (as it coosets you with everything from a heated steering wheel to a 330W CD system offering you the acoustic profile of a cathedral or a jazz club).

In short, it is different from every luxury car you may have sat in because it regards the driver as a functioning component of the car. A level of technology unprecedented on four wheels makes all this possible. This technology extends from a computer that will navigate you around an unknown town, to an automatic gearbox that actually adapts to the way you drive.

صحة من الامم

صباحنا من الامل

Car workers' union changes tack

By Haig Simonian, Motor Industry Correspondent

Industrial relations in the US motor industry were thrown into confusion yesterday after the United Auto Workers union, which represents most workers in car factories, decided against selecting one of the "Big Three" carmakers as the benchmark company for negotiations.

Mr Stephen Yokich, the UAW president, indicated the mood in industrial relations in the industry had become less confrontational in recent years and suggested the decision not to select a "strike target" reflected that altered mood. "A strike is not what we're about; we're elected to negotiate an agreement," said Mr Yokich.

The union said it would pursue separate talks with the senior managements of all three carmakers pending a decision on whether to pick one company next week as its focus for negotiations.

with the selected car company then sets the framework for arrangements with the other two. The UAW's move caused considerable surprise in the industry, which had been expecting it to announce it had chosen Chrysler, the smallest but currently the most profitable of the "Big Three", as target for the next three-year deal.

Low-level bargaining has been under way between union representatives and the negotiators from the "Big Three" since early June. UAW officials declined to say what their main objectives would be in the next pay round. However, it is widely believed the union will stress job and income security. One of the focal points is expected to be the issue of "outsourcing", whereby carmakers are increasingly contracting out to cheaper suppliers.

Midwest gleams with prosperity as Democrats prepare for their convention

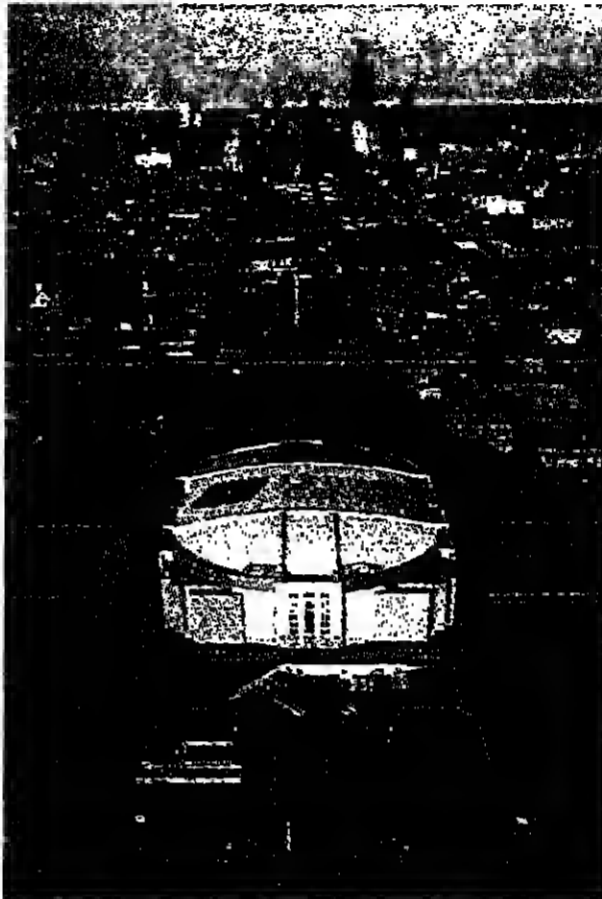
Chicago polishes its image

When Democratic party delegates roll into Chicago this weekend, they will see a city that has shed its image of a city of violence and corruption. The streets are clean, the parks are green, and the city is in the midst of a major renovation project.

ing a sustained economic boom. The Midwest threw off its rustbelt image a decade ago and now leads both coasts in terms of growth. Its strengths - a central location, a diversified economic base and efficiently restructured manufacturing - are expected to keep the heartland pulse throbbing through the end of the century.

longer, the Midwest has become something of a showpiece. Toyota, once the scourge of Detroit's automakers and one of the world's most efficient car manufacturers, has chosen Indiana as the new production centre for its T-100 pick-up truck. Soon, 100,000 trucks a year will be rolling off a state-of-the-art assembly line in rural Evansville, several hundred miles south of Chicago.

of new Republican-sponsored farm legislation. Agricultural exports, primarily Midwestern grain, will top \$80bn this year. Last spring, when conservative Republican Pat Buchanan was building his presidential campaign on the angst of American workers, his rhetoric rang hollow in the heartland. Similarly, President Clinton's campaign to raise the US minimum wage stirred little interest here. For nearly a decade, job growth in the Midwest has outpaced the national average. In 1995 employment grew 2.6 per cent, compared with only 2.3 per cent nationally.



Awaiting a Democratic invasion: Chicago's United Center

AMERICAN NEWS DIGEST

US incinerates cold war arms

The US army has begun burning a stash of chemical bombs, rockets and land mines in the first chemical weapons incinerator in America, built to destroy a 14,000-ton stockpile of cold war weapons over the next seven years. "Everything ran smoothly. No problems," said Mr Craig Campbell, community outreach co-ordinator of the Toxics Army Depot, which holds 44 per cent of America's chemical weapons stockpile. Mr Campbell said all that remained of the first munition, an M-55 rocket containing the nerve agent GB, was molten aluminum and ash. Both were to be sampled and analysed before the second rocket was sent through.

Zapatista rebels sentenced

Seven Zapatista rebels in Mexico have been convicted on weapons charges and sentenced to nearly seven years in prison, a decision that could influence ongoing peace talks in the south-eastern state of Chiapas. A federal district judge in Mexico City convicted the five men and two women late on Tuesday but their lawyers have lodged an appeal. The seven were arrested in February last year for allegedly manufacturing explosives and stockpiling weapons.

Japanese credits for Mexico

Prime Minister Ryutaro Hashimoto has granted Mexico credits worth \$960m for environmental and trade projects during his 10-day tour of Latin America to improve opportunities for Japanese industry. "Among the countries in the Group of Seven, Japan is the one that exports more capital than it takes in," said Mexican President Ernesto Zedillo. "Proof of that is the credit supports that Mexico has received," Mr Zedillo said during a banquet for Mr Hashimoto on Wednesday evening.

Canada cuts rates

Canadian banks will cut their prime lending rate today for the second time this month, further widening the gap between domestic and US interest rates. The prime rate will drop from 6 per cent to 5.75 per cent, compared with a peak of 9.75 per cent little more than a year ago, and the current US prime rate of 6.25 per cent. The discount against US rates, confined to short-term securities since February, extended yesterday to five-year bonds. The rate cut, which followed a signal from the Bank of Canada, reflects unusually favourable trends in the domestic economy, compared with the US. Economists expect an announcement next week of a second-quarter surplus in the current account of the balance of payments, the first in 12 years. Canada's inflation rate, at 1.2 per cent, is lower than the US's.

Surinam rebel in custody

Mr Ronny Brunswijk, the flamboyant Surinamese former rebel leader, has been taken into police custody on a charge of attempted murder. Mr Brunswijk - who led an uprising in 1986 against Surinam's then military regime which paved the way for democratic elections in 1991 - yesterday turned himself in to the police following accusations that he had tried to kill a man during a brawl last weekend. Mr Freddy Pinas, a Surinamese-born visitor from the Netherlands, claimed the former head of the Jungle Command tried to shoot him after he objected to Mr Brunswijk's advances toward his wife. Mr Brunswijk, 35, denied the charges.

Tobacco cases ignite fears

Richard Tomkins on the beleaguered US industry

The US tobacco industry has been on the defensive for years, but there have been a few times when it has looked quite so beleaguered as it does now. Today, President Clinton is expected to announce his decision to bring cigarette manufacturers under the purview of the Food and Drug Administration as part of a crackdown on teenage smoking. The move will give the government sweeping new powers to regulate the tobacco industry. The decision comes just two weeks after a landmark verdict by a Florida court in which a jury awarded \$750,000 in damages to a lung cancer patient and his wife. The ruling, which is being appealed, threatens to break the industry's record of never having paid out a penny in damages as a result of a smoking-related lawsuit. Meanwhile Kansas and Michigan this week joined the growing list of states that are suing the tobacco industry for billions of dollars to recover the money they have paid out in treating smoking-related illnesses under the Medicaid public assistance programme. Tobacco stocks have slumped amid the mounting pressures: shares in Philip Morris, the largest US cigarette manufacturer, have fallen by 18 per cent over the past two weeks. But the main reason for investors' pessimism is not the threat of FDA regulation, which has been a long-standing threat, or the state-sponsored lawsuits, which appear to stand little chance of success. Rather, it is fears over the outcome of a tobacco case playing out this week in an Indianapolis courtroom, the result of which could come as early as today. Six jurors in the Marion County Superior Court are considering whether the tobacco industry was responsible for the death of Richard Rogers, a former smoker who died of lung cancer in 1987 at the age of 52. The lawsuit has been brought by his wife, Yvonne. The case is one of dozens that have been brought against tobacco companies over the years by people claiming damages for the harmful consequences of smoking. Until recently, few would have expected it to succeed. US juries have traditionally taken the view that even before health warnings began to appear on cigarette packs in 1966, consumers were well aware of the risks associated with smoking. The only exception came in 1988 when a jury awarded damages of \$400,000 to the husband of Rose Cipollone, a New Jersey woman who died of cancer after smoking about 30 cigarettes a day since the age of 18. That award was over-

turned on appeal. The picture changed drastically two weeks ago when a six-member jury in Jacksonville, Florida, awarded \$750,000 in damages to Mr Grady Carter, a 66-year-old lung cancer patient, and his wife, Mildred. Mr Carter smoked for more than 40 years before having part of a lung removed in 1981. The jury in the Carter case was influenced by a recent flow of whistle-blowing allegations and leaks indicating that cigarette manufacturers knew more about the addictiveness and health risks associated with smoking than they ever divulged to the public. However, the big question left unanswered by the Carter verdict was whether it was an aberration, like the Cipollone case eight years earlier, or whether it marked a fundamental change in juries' attitudes towards tobacco litigation in the wake of the damaging leaks. In the Indianapolis case, Mrs Rogers is suing four manufacturers of the various brands her husband smoked. Philip Morris, RJR Nabisco's R.J. Reynolds Tobacco subsidiary, American Tobacco (now part of Brown & Williamson Tobacco, the US arm of Britain's BAT Industries) and Liggett. The case first went to trial last year, but a retrial was ordered when the original jury failed to reach a unanimous verdict. At least two factors favour the industry's chances in Indianapolis. One is that the leaked industry documents were not presented as evidence in the original trial, and therefore were not allowed to be introduced as evidence in the re-trial. The other is that, under Indiana state law, if plaintiffs are found to be more than 50 per cent to blame for their suffering, they cannot collect. On the other hand, the earlier jury split 5-1 in favour of the plaintiffs, indicating that they have a convincing case. At the retrial, the new jurors will obviously have the Carter precedent in their minds. And five of the six jurors are women, who tend to be more sympathetic to plaintiffs than men. Mr Gary Black, a tobacco analyst at the Wall Street firm of Sanford C. Bernstein, has described the Indianapolis trial as a "must win" for the tobacco industry - not just to restore investor confidence in tobacco stocks, but also to prevent a tidal wave of litigation. He is probably right: for if present and former smokers across the US start winning lawsuits in large numbers, the billions of dollars in compensation will do far more damage to the tobacco industry's profits than the government's efforts to curb under-age smoking.

vietnam jails
assidents
market turmoil
militants killed
pledge
diplomats capable

U RATHER DRIVE
CAR ON THE LEFT,

OR THE PERFORMANCE CAR
ON THE RIGHT?

It would appear that BMW engineers were determined to have the best of both worlds. Why else did you work to get to the top? Your local BMW dealer will be happy to show you the as worthwhile.

THE ULTIMATE DRIVING MACHINE

NEWS: UK

Germany did not intend BSE 'hysteria'

Financial Times Reporters in London, Brussels and Bonn

The German government said yesterday that it had not wanted to "unleash a wave of hysteria" with its suggestions that sheepmeat could be infected by bovine spongiform encephalopathy. But it insisted there was still uncertainty about whether the disease could be transmitted from cows to sheep.

The row with Britain followed comments by a German agriculture ministry official that consumers should shun British lamb if they were worried about BSE.

Britain's National Farmers' Union said it was "astonished" by the remarks. "It is totally unjustified - an alarmist over-reaction. The current science says there is no evidence to suggest there is BSE in the British sheep flock," an official said.

The European Commission supported Britain in rejecting the German calls and pointed out that only EU-wide action could be justified to deal with any threat.

"We don't support any such recommendation because we don't see any grounds for it," a commission official said, adding that the

commission would not encourage discrimination against British lamb.

A spokesman for the agriculture ministry in Bonn said the comments had been made on television by Mr Werner Zwingmann, a middle-ranking ministry official, on Wednesday evening.

"We did not want to unleash a wave of hysteria," said Mr Dieter Schneider, a ministry official. "We could have said 'no comment' or we could have allowed somebody to take a position. If we had not allowed somebody to connect, the hysteria could have been far

greater because another biologist on the programme took a very critical view of the matter."

Mr Zwingmann's comments caused irritation in Brussels because Germany was the only member state to reject proposals made by Mr Franz Fischler, the EU farm commissioner, that sheep brains, spleens and spinal cords be removed from the food chain.

Mr Fischler's proposal followed reports from the UK and France that, under laboratory conditions, sheep could contract BSE.

The idea was rejected by the EU's standing veterinary committee on the grounds of insufficient evidence.

Mr Zwingmann said the German government had asked the European Commission earlier this month to check whether BSE could be spread from cows to sheep. He said there were still "gaps in our knowledge".

Germany imported 40,500 tonnes of sheepmeat last year, 4,275 tonnes from the UK. About 43 per cent of the 110,900 live sheep which Germany imported last year came from the UK but in the first three months of this year the figure dropped to 7 per cent.

UK NEWS DIGEST

Lloyd's ruling delayed again

Lloyd's of London has been left waiting another day to hear whether a US federal court will scupper its £3.2bn (\$4.99bn) recovery plan - which Names have to accept or reject by noon on Wednesday.

Judge Robert Payne yesterday postponed his ruling until late today in a case bought by US Names, individuals whose assets have traditionally supported the recovery plan. The Names want an injunction delaying the plan until Lloyd's complies with US securities laws on the level of information that has to be disclosed.

The delay heightened tensions at Lloyd's where the recovery plan is crucial to securing the market's future. An appeal could still be arranged for Monday, however, and Lloyd's is refusing at this stage to contemplate extending the August 28 deadline.

Ralph Atkins

ECONOMY

'Inflation set to remain low'

Interest rates will not have to rise until after the general election next year as the government's economic policies deliver strong growth but with low inflation, the Confederation of British Industry, the country's largest employers' body, says today.

The CBI's latest economic forecast supports the government's hopes of fighting the election amid a low inflation consumer-led recovery. It suggests the CBI believes Mr Kenneth Clarke, chancellor of the exchequer, will successfully fend off pressure from the Bank of England - the UK's central bank - for higher interest rates ahead of the election, which must be held by the end of May next year.

The CBI's upbeat view comes after official figures yesterday confirmed the economy grew only sluggishly in the second quarter of the year. But the figures suggested output might rebound strongly as companies were now able to meet growing demand from new production rather than existing stocks.

Graham Bowley

MINIMUM WAGE

Institute advises £3.50 limit

A statutory minimum wage proposed by the opposition Labour party should be no more than £3 (\$4.68) an hour for adults, according to Mr John Philipot, head of the Independent Employment Institute. In a report published today by the Institute of Personnel and Development, Mr Philipot says the rate for workers aged between 18 and 25 should be lower and that there should be a "sub-minimum" for trainees and those under 18.

Robert Taylor

INDUSTRIAL ACTION

Rail and mail services hit

Disruption planned for the London Underground rail network today and on Tuesday was averted last night when a trade union representing many drivers accepted a pay offer. But many travellers on the national rail network face disruption on the two days with staff in seven publicly owned train operating companies staging stoppages today.

Thousands of mail workers went on strike for a day again yesterday, and negotiations will resume today at Acas, the conciliation service, to try and resolve the dispute.

Robert Taylor

BSkyB plans to offer fast Internet access

By Raymond Snoddy

British Sky Broadcasting, the satellite television venture, is planning to offer fast access to the Internet through conventional television sets when it launches its digital satellite television service before the end of next year.

The company, controlled by Mr Rupert Murdoch's News Corporation, hopes that broadcasting huge amounts of information to the home, as well as 200 to 300 channels of television, will help to persuade consumers to buy the digital "black box" decoders needed to receive the service.

"The decoders will have the computing power of an average PC and a very fast modem," a BSkyB executive said yesterday. The aim is to deliver information services direct to the television screen rather than just to personal computers, because only 15 per cent of UK homes have PCs and almost all have television sets.

BSkyB, which earlier this week announced pre-tax profits of £257m (\$41m), was due to open a number of shops by September next year and plans to have 1m manufactured in the first year. It hopes that the digital

systems, including much smaller satellite dishes than are needed with existing analogue satellite television, will sell for about £200. This is likely to be about half the true retail cost at the outset.

The confidential specifications sent out to decoder manufacturers last month included the requirement for what is believed would be the world's most advanced digital satellite set-top box.

BSkyB is planning to offer two separate Internet services to viewers, as well as home banking, home shopping and other interactive services.

It will broadcast the most popular Internet sites regularly to digital dish owners so that the information can then be used by viewers. It will also be possible to use the modem and telephone to access more specialist Internet sites.

The sophisticated system will also enable consumers to connect everything from audio systems, printers and PCs to the digital decoder.

The group has been negotiating with a number of possible partners such as British Telecommunications, Barclays Bank and Matsushita, the Japanese consumer electronics group.

EU flag use riles Eurosceptics

Financial Times Reporters

The British government's long-awaited launch of its voluntary national identity card yesterday was marred by continued controversy over the use of European Union and Union Jack flags.

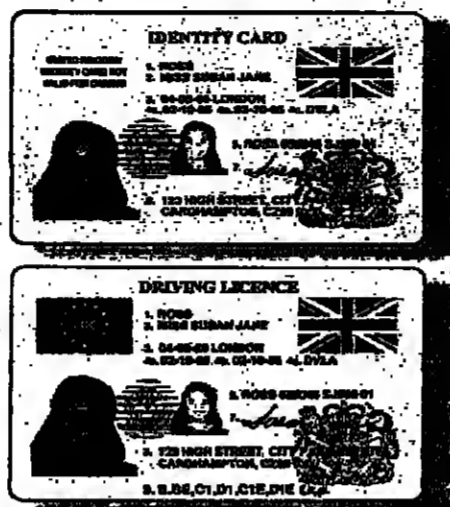
Mr John Redwood, the former minister who failed last year to unseat Mr John Major from the leadership of the governing Conservative party, attacked the inclusion of the EU flag on the proposed combined driving licence and ID card. He said it would be the first time the UK government had produced an official document incorporating an EU symbol.

"Does the presence of the EU symbol mean we are giving up our independence on these very important justice and immigration matters?" he asked.

But the government's plans were welcomed by the police and fire services companies which have supported the proposals as part of the fight against crime. The UK is one of the few EU countries in which personal identity documents are not issued. British citizens are required to carry passports only for travel to other countries.

Mr Michael Howard, the home secretary, pointed out that, under the complex compromise agreed by the cabinet, the separate ID card would not carry the EU symbol. The EU flag appears on the combined card because it forms part of the new Euro-

Identity cards in the European Union



| COUNTRY | ID CARD | PROOF OF IDENTITY |
|-------------|---------|--------------------|
| Austria | Yes | Voluntary |
| Belgium | Yes | Compulsory |
| Denmark | No | ID number |
| Finland | Yes | Voluntary |
| France | Yes | Voluntary |
| Germany | Yes | Compulsory |
| Greece | Yes | Compulsory |
| Ireland | Yes | Voluntary |
| Italy | Yes | Voluntary |
| Netherlands | Yes | Voluntary |
| Norway | No | ID number |
| Portugal | Yes | Compulsory |
| Spain | Yes | Compulsory |
| Sweden | No | Bank ID photograph |

(Left) the proposed voluntary ID card and driving licence for British citizens

pean-standard driving licence.

The row in Britain over the use of the EU flag finds few echoes in the rest of Europe, where documents such as driving licences are often allowed as proof of identity. In Italy, there is no resistance to the use of the EU flag for example, while in France the cardboard identity card carries neither the French tricolour nor the European Union flag, but it normally carries one or more tax stamps bearing a likeness of Marianne, an embodiment of the French Republic.

Under an EU directive, driving licences with photographs must be introduced

by 2001. Mr Howard said it was "not unreasonable" these should be in a European format incorporating the EU symbol.

The British plans, which have four more weeks of consultation before entering the final stage for approval, involve:

- A credit card-style driving licence, carrying the Union Jack and EU flag, which would be phased in soon after the necessary legislation was passed. Expected to cost about £20 (\$31.20).
- A separate identity card, with the Union Jack, expected to cost between £10 and £15. With no lower age limit, it could be used as a pass-

port in the EU and some other countries.

- A combined driving licence and ID card, with both flags, which would cost two or three pounds more than the driving licence.

The launch of the scheme was delayed because of concerns that an identity card, with the Union Jack would, inflame nationalist sentiments in Northern Ireland.

The cabinet finally agreed the new cards would be available in the region but Northern Ireland, driving licences incorporating photographs would be valid until 2001.

Philip Stephens, Page 6

TECHNOLOGY

Has Europe been left behind on the information superhighway? A report published this month sheds some light on countries' relative strengths and weaknesses in information and communications technologies.

The report, commissioned by the Department of Trade and Industry and written by Spectrum Strategy Consultants, compared nine technologically advanced countries: the UK, US, Canada, Japan, France, Germany, Australia, Sweden and Singapore.

One conclusion came out strongly. "The gap between the US and the rest of the world is unlikely to diminish," it says. "The US is rightly perceived to be one of the fastest-moving and most receptive markets for the information society."

Beyond that, the conclusions are less confident. Since countries are emphasising different approaches to the delivery of services - including interactive television and mobile telephones - the consultants argue that it is hard to assess the significance of differing rates of progress.

"Some paths may prove to be technological cul-de-sacs, such as analogue high-definition television proved in the 1980s," they say. "Others, possibly the online Internet path, may have genuinely radical and long-term effects."

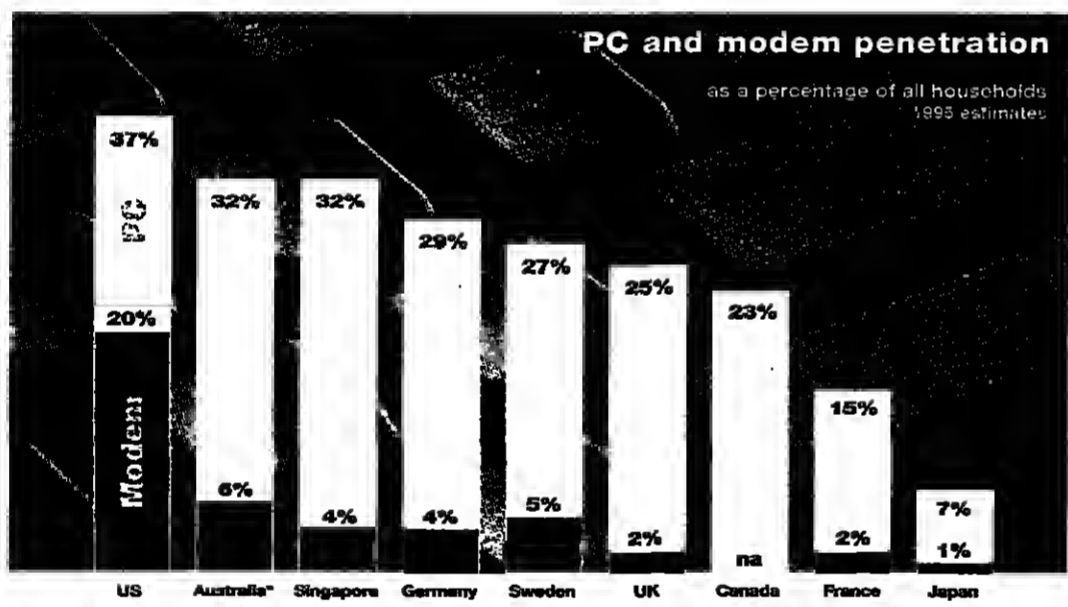
The premise on which the study was based was that a country's economic success is partially determined by its willingness to embrace new information and communications technology. IT products and services increase business productivity and efficiency; a willing uptake of IT will stimulate the growth of indigenous industries.

The researchers argued that the main factors influencing progress towards the "information society" are people's income, the price of services and access to appropriate content and culture. The government's role in promoting, using and regulating information technology is important.

Furthermore, much depends on the strength of the domestic IT and communications industry, its ability to raise capital and the level of skills in the country.

The report concluded that:

- The dominance of the US reflects extensive local content, high PC penetration, competitive pricing of high-speed networks, and the broad base of its communications and IT culture.
- Japan's performance is mixed. Japan's supply industries are strong, with six of the top 10 IT companies in the world. But on



One race, many roads

Vanessa Houlder on a study that assesses countries' progress on the information superhighway

the demand side, there is low penetration of PC, modems, cellular technology and Internet hosts. The uptake of PCs has been slowed by a lack of Japanese software.

- Germany has "performed poorly on several benchmarks relative to other countries". For instance, it has the lowest number of faxes per employee and limited use of the Internet. But it leads all the countries surveyed in terms of ISDN subscriptions and has the highest multichannel penetration in Europe.
- France has "performed poorly on many measures", notably PC density, the use of mobile communications, multichannel penetration and Internet usage. The reasons include high telecommunications prices and the reliance on Minitel telephone-based information services that may have removed the perceived need for PCs and alternative online services. Cultural factors have resulted in restricted use of English language content, limiting the choice for consumers.
- The UK's performance is "more or less" in line with other

economies of comparable size. It performs relatively well on measures such as the use of PCs and cellular technology and telephone charges.

- Canada performs relatively well on the benchmarks chosen by the consultants, with the third highest PC penetration of the countries surveyed. But it has the lowest penetration of high-speed ISDN links and a low take-up of mobile services.
- Australia is a close follower of the US in terms of PC and modem density and ranks third in Internet penetration. Its immense size and remoteness from Europe and the US have been the key drivers in the development of a strong communications culture.
- Sweden leads Europe in the uptake of PCs and cellular phones and has cheap international telephone charges. It has benefited from a widespread ability to use English language products and services and the remoteness of some communities which encouraged the use of communication technologies.
- Singapore has high levels of

PC, modem, cellular and paging technology. It has successfully implemented electronic data interchange and has a sophisticated telecommunications infrastructure.

The consultants warn that the report's comments are an attempt to summarise "a very complex and rapidly shifting picture". An early lead in a technology may not lead to a long-term advantage.

Because technology is evolving so fast, it is difficult to determine the form in which it will eventually become established, it says. "One consequence of this is that there is potential for less sophisticated users (and whole societies) to leapfrog their competitors."

"Development of the Information Society: an international analysis. A free executive briefing will be published later this month on the ISI Web site: <http://www.isi.gov.uk>. It is also available from the ISI Info Line: 0345 152000. The main report, costing about £20, will be published by HMSO. Tel 0171 873 9090.

MANAGEMENT

Drilled in innovation

Michael Lindemann reports on how a tip-off to a German company led to radical changes

Like most Swabian entrepreneurs, Hans-Jorg Link likes to keep himself - and his business - to himself.

There is no forecast to show off JEL, a small family-owned engineering company in Germany, tucked away in a non-descript building on the industrial outskirts of Stuttgart.

A solitary phone links visitors to a voice inside the building and then it is straight up two flights of bare stairs and out on to an open-plan floor where a handful of designers are bent over drawing boards.

One thing, however, does set Link apart from his unassuming Swabian counterparts.

JEL, founded in 1926, last year won the annual prize for innovation handed out by the Swabian government of Baden-Wuerttemberg, Germany's wealthy south-western state, and things have changed since then.

"I didn't believe prizes like that could make a difference," Link says, "but this one certainly has. There is no need to explain oneself any more - people have developed a sort of automatic interest."

That heightened interest could not have come at a better time for JEL, which is trying to break into a new sector of the machine tool business where growth prospects are promising.

For decades JEL - the letters stand for Job and Ernst Link, the company's founders - produced large quantities of taps. But, as the founder's son points out, serial production is better left to larger manufacturers. The smaller Mittelstand companies, which form the backbone of Germany's engineering industry, need to concentrate on niche products.

Seven years ago that process was set in motion when Link got a tip-off from a friend in the US that a patent for a drill thread miller had been registered by a former engineer at General Motors in Detroit. Link was quick to recognise

the potential behind the new tool. With its triple ability to drill, chamfer and thread mill, the drill thread miller would revolutionise such simple tasks as the drilling of cylinder blocks.

"We put everything into this tool," Link says. "It was a God-given opportunity."

The gamble, built on a transatlantic co-operative agreement because the GM engineer did not have the resources to develop the drill thread miller, appear to have worked for JEL.

The company recently signed a contract with BMW whereby drill thread millers are now used at the top of BMW's range. Sales last year totalled DM14.5m (\$8.8m) and are this year expected to jump almost 50

per cent to DM21m. The client list is impressive, including Mercedes, Ferrari, McLaren, Volkswagen and Jaguar.

Crucial to the initial success and the future growth prospects is Stuttgart University.

"There were lots of these written on my subject and the engineers there are very good at thinking three-dimensionally," Link says. "That was absolutely decisive for us."

Several Stuttgart University graduates are now employed by JEL and have developed the software needed to use the drill thread miller.

The tools can now be programmed to do precisely what the clients want by means of a program called computer numeric control or CNC - a world away from the old taps, says Link.

Importantly, the flexibility of the drill thread miller matches the increasing flexibility required in manufacturing

'Others now come to us and ask us to solve their problems'

processes, Link says.

Larger manufacturers, making perhaps 1m engines a year, can still consider using one tool to make a certain feature on thousands of engine blocks and use another tool to add another feature. Such a process is inefficient for smaller producers, which are better served by the JEL drill thread miller as it enables one worker to add several features at once.

As if the design and manufacturing were not challenging enough, JEL also had to devise a completely new strategy to sell the more sophisticated tool.

Selling anything from DM400 to DM2,000 they are considerably more expensive than their predecessors. JEL must now spend much more time explaining the attractions of the drill thread miller. The company has tried to help by giving its tools names such as Thriller, but the selling still remains a challenge.

"Above all," says Link, "you suddenly have to explain to the client how much is going to be saved by buying it."

There is an additional problem when it comes to sales. Taps could not be regarded as intelligent machines and selling them was relatively easy. The same applied to the medical implants that JEL also used to make and sell to a single customer - Pfizer, the US pharmaceuticals group.

Now, however, JEL finds itself approaching many different kinds of new clients, and not all, by any means, are German. "I have to learn Czech, English - I suddenly have to learn how to sell tools in China."

The new skills needed to develop and sell the drill thread miller have also opened more than just sales prospects. Bigger producers have had to trim down and out-source services and that means that "others now come to us and ask us to solve their problems", Link says. "We have become a sophisticated provider of services."

صديقا من الاجل

ARTS

Hot on the jiggling heels of the witless Lord of the Dance show, the Coliseum is showing us a real Lord of the Dance in Mikhail Baryshnikov.

Once, in the sort of idle game that devotes occasionally play, compiled a list of "the greatest male dancers I've seen" with two American colleagues.

The astonishing fact now is that, in his post-classical period, when time and knee-injury have precluded the grand challenges of the academic style, Baryshnikov remains a dancer of supreme gifts.

He is 48 years old - was it really 26 years ago when he soared and hung gloriously over the stage of the Festival Hall?



Gifted modern dancers: Mikhail Baryshnikov (centre) with his White Oak colleagues in 'What A Beauty'

True Lord of the Dance

Clement Crisp salutes Mikhail Baryshnikov and his White Oak collective

The piece is very Russian - glimpses of Chekhov or Gogol are there - and the dance sets him moving through micro-second incidents, tiny moods.

Chaconne from Bach's second partita (in the Busoni transcription) was an exploration of the music's formal power, but owed something to the Mexican roots of the choreographer.

There is a lot of emotional folkiness - love lost, found, recalled, regretted - on view. The clothing is contemporary and horrid.

is live and well played (the pianist Nicholas Reveles admirable in the Shostakovich and Bach/Busoni). The lighting of every piece - by David Finn and Michael Chybowsky - is superb.

The White Oak season continues at the Coliseum until Saturday.

Theatre Restoration wit

Every summer, Hampstead's New End Theatre modestly revives a rare Restoration comedy which broadens our perspective on a most pernicious age.

Restoration play starting is its bleak view of courtship. Michael Cagot's unsensational direction focuses on two desperate rapes.

cake with me?" (Congreve's The Way of the World has the insult: "And [if] she should [frown], her forehead would wrinkle like the coat of a cream-cheese").

The intelligent, sober performances of this 16-strong company provide a valuable opportunity to appreciate Wycherley: one of the most acerbic wits of English drama.

Youth and music

The economics of putting on a concert means that professional orchestras rarely bother with some of the most ambitious pieces.

concentration in the music's more difficult later stages. For soloists, Abbado supplied singers from his favourite circle.

Richard Fairman

focused on what was going on in the orchestra, because that was where Schoenberg's grossly over-written score was really coming alive.

Richard Fairman has reached heights it never dreamt of, winning a record contract with EMI and undertaking regular foreign tours.

96

steady as Tove, though she does not use the words to colour and vary her tone: Thomas Moeer's appropriately Germanic tenor sounded short on power at the top for Waldemar.

But one's attention was drawn to what was going on in the orchestra, because that was where Schoenberg's grossly over-written score was really coming alive.

Promenade concerts New York extravagance

America's oldest orchestra came to the Royal Albert Hall this week, determined to show off its own strengths rather than those of its conductor, Kurt Masur.

Masur's relationship with the New York Philharmonic is five years old, and like any successful marriage, the good qualities on each side have begun to rub off on the other.

Masur's mission is to serve the music and his players rather than dictate to the maestro mould of a Karajan or Mull. These performances were never less than musically, but they lacked that last ounce of personality which turns a festive occasion into a musical event.

The Brohms concerto, with Anne-Sophie Mutter as soloist, was one of the great Proms performances. Mutter's playing was rapt and intimate, with a soulfulness and sense of freedom that brought out an aching, yearning quality in the music.

Norwegian nights

The high pressure life led by some of today's international conductors was brought home earlier this year when Mariss Jansons was struck down by a heart attack.

He has been music director of the Oslo Philharmonic since 1979, and the orchestra has reached heights it never dreamt of, winning a record contract with EMI and undertaking regular foreign tours.

Each programme had a Norwegian centrepiece. On Sunday, Barbara Bonney sang a group of Pever Goggs, including two Peer Gynt solos, with glinting clarity of tone and a ray of Northern sunshine.

gramme, there was not Jansons's phenomenal inner clarity of sound, but the orchestra's general standard of execution held up well. Naturally enough, Honeck sees the symphony within the Austrian tradition, so the scherzo went with a waltz-like lilt and the finale's part-writing was classically neat, but Mahlerian passion never felt short-changed.

The Monday concert opened with some untidy playing in Bartok's Music for strings, percussion and celesta, which took the edge off an otherwise atmospheric performance.

Each programme had a Norwegian centrepiece. On Sunday, Barbara Bonney sang a group of Pever Goggs, including two Peer Gynt solos, with glinting clarity of tone and a ray of Northern sunshine.

INTERNATIONAL ARTS GUIDE

AMSTERDAM

CONCERT Concertgebouw Tel: 31-20-5730673. ● Flammingh with conductor Rudolf Werthen and violinist Jaap van Zweden perform works by Górecki, Tchaikovsky and Shostakovich; 8.15pm; Aug 27

ANTWERP

THEATRE Museum Rubenshuis Tel: 32-3-2324751. ● Medea by Marc Steemans. Directed by Martine Boni. The cast includes Anke Helsen, Marjke Pinoy, Peggy Schepens and Marc Steemans; Tue-Sat 9.15pm; to Aug 31 (Not Sun or Mon)

ATLANTA

EXHIBITION High Museum of Art Tel: 1-404-735-4400. ● Rings: Five Passions in World Art: the exhibition, organised in

conjunction with the Olympic Games, explores the power of art to evoke five universal emotions: love, anguish, awe, triumph and joy. More than 125 objects from international public and private collections are grouped into five major sections, each devoted to one of the five passions.

BERLIN

CONCERT Konzerthaus Tel: 49-30-203090. ● Hans Peter Blochwitz, accompanied by pianist Rudolf Jensen. The tenor performs songs by Beethoven, Zemlinsky and R. Schumann; 7.30pm; Aug 25

CAPE TOWN

EXHIBITION Michals Collection - Old Town House Tel: 27-21-246367. ● Masterpieces on Paper: Prints and Drawings from the Permanent Collection: exhibition featuring works by 16th century artists such as Van Leyden. De

HELSENKI

EXHIBITION Amos Anderson Art Museum Tel: 358-0-840221. ● Juhani Harti retrospective exhibition featuring approximately 100 artworks, assemblages and installations by Juhani Harti, dating from the years 1965-1996.

EDINBURGH

EXHIBITION Royal Scottish Academy Tel: 44-131-2258671. ● David Livingstone and the Victorian Encounter with Africa: this exhibition offers an account of the life and times of David Livingstone, from his birth and childhood in the cotton mills of Lanarkshire to his journeys as missionary and explorer across the continent of Africa.

HAMBURG

OPERA Musiktheater Hamburg Tel: 49-40-346820. ● Don Carlos by Verdi. Performed by the Hamburger Symphoniker with conductor Ralf Wulka. Soloists include Leo Nucci and Ruggero Raimondi. Part of the Hamburger Opernwache; 8pm; Aug 24

LONDON

CONCERT Royal Albert Hall Tel: 44-171-5898212. ● BBC Scottish Symphony Orchestra: with conductor Osmo Vänskä and cellist Truls Mork perform works by Beethoven, Elgar and Glazunov. Part of the BBC Promenade Concerts (Proms); 7.30pm; Aug 25

LOS ANGELES

CONCERT John Anson Ford Theatre Tel: 1-213-4681767. ● LA Philharmonic Chamber Music under The Stars: members of the Los Angeles Philharmonic perform Martin's La Revue de Cuisine and Quartet for Clarinet, Horn, Cello, and Drum, Barber's Summer Music for wind quintet and Dohnányi's Serenade for String Trio; 8pm; Aug 26

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LUCERNE

CONCERT Franziskanerkirche Tel: 41-41-2103562. ● Borodin String Quartet: perform works by Debussy, Wolf and Shostakovich. Part of the Internationale Musikfestwochen Luzern; 5pm; Aug 25

SALZBURG

OPERA Grosse Festspielhaus Tel: 43-662-80450. ● Elektra by R. Strauss. Conducted by Lorin Maazel and performed by the Wiener Philharmoniker. Soloists include Hildegard Behrene, Karen Huffstodt, Leonie Rysanek, Kenneth Riegel and John Bruchler. Part of the Salzburger Festspiele; 8.30pm; Aug 25

ZURICH

CONCERT Tonhalle Tel: 41-1-2063434. ● Tonhalle Orchestra: with conductor Gary Bertini and violinist Frank-Peter Zimmermann perform Beethoven's Violin Concerto in D major Op.61 and Symphony No.5 in C minor Op.67; 7.30pm; Aug 28

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Philip Stephens

Dealt a bad hand

Agonising over which symbols should appear on ID cards obscures issues of civil liberty and national identity

Only John Major's government could get itself into such an absurd muddle. It wants UK citizens to carry a new plastic photo-card attesting to their status as loyal subjects of the Crown. To the horror of the cabinet's Eurosceptics, it then discovers that, since the document will double as a driving licence, it must be emblazoned with the star-studded flag of the European Union. Panic.

Ministers concede that, true to the English tradition of civil liberty, an identity card must be entirely voluntary. But it can serve its stated purpose of aiding the fight against crime only if Britain eventually follows the European route to compulsion. Prevarication.

Plus ça change. This half-baked proposal to tighten the grip of the state over the citizen was always destined to end in farce. At every turn it has been shot through with contradictions. Conservatives are supposed to believe in small government. Identity cards extend the power of the state at the expense of the liberties of the individual. John Major is pledged to rebuff the federalist ambitions of Britain's continental partners. Yet the only good reason for the proposed ID is that it will further erode national frontiers within the European Union.

It is a scheme without a sense of national history. During and after the second world war, citizens were obliged for a time to carry a small piece of cardboard as proof of identity. But efforts to extend the practice indefinitely foundered in the courts. In a celebrated judgment in 1952, Lord Justice Goddard declared it inimical to the common law upon which English liberties rest.

Like so many bad ideas (remember the poll tax), the latest proposal was born of a populist pledge at a Conservative party conference. Back in the autumn of 1994

the government was in even worse shape than it is now. Michael Howard, the home secretary, promised the party faithful that a national identity card would be a powerful weapon in the fight against crime. Two years on we are paying the price of his applause.

Consider first the cabinet wrangling over the motif on the card. It is hard to imagine more eloquent testimony to the paranoia which now infects every Whitehall debate on issues European. As one senior minister lamented privately a few weeks back, xenophobia has driven out reason.

Mr Howard can claim he won his battle to ensure the Union flag will rest alongside that of Europe. Michael Heseltine and Kenneth Clarke, the cabinet's most prominent Europhiles, were safely out of the country. It did not take long to persuade Mr Major that he must appease his so-called supporters on the Tory backbenches.

It is a hollow victory, one which mistakes the form for the substance of patriotism. In Northern Ireland, British emblems can be badges of division. So Irish nationalists in the province will be permitted to hold on to their existing driving licences. Free of all logos.

We should not though allow the idiocies of Europhobia to obscure the more fundamental objections. In one crucial respect, conveniently forgotten by all those patriotic ministers, Britain is different from its European neighbours.

Across the Channel, the obligation to carry proof of identity is matched by a codified framework of individual rights. Britain has no written constitution. The present government refuses to incorporate into domestic law the European Convention on Human Rights. Instead, an unwritten constitution decrees that citizens retain only those rights

which have not been removed by parliament. Among those residual rights, the freedom to go about one's lawful business without hindrance or interference is a pivotal element in sustaining a reasonable balance between the powers of the state and the liberties of the individual. To demand presentation of an ID card is to presume guilt rather than innocence. It is another step along the road to the surveillance society. Citizens who observe the law have the right to be left alone by officials.

But wait, Mr Howard counters, the new card will be voluntary. The police will not be authorised to demand its presentation. For how long? The home secretary will not rule out eventual compulsion. Ministers are confident that the market will deliver what the electorate will not accept from the politicians.

If banks, shops and bureaucrats treat it as such, the card will soon be as good as compulsory. The poor, transient and the marginalised will be left out. But who cares? Once conditioned, the great majority will allow a switch to a mandatory system.

There will be a similar secession too in the scope of the data stored on the card. Safeguards will be promised, but it will not be long before the fight against crime and fraud is seen as sufficient cause to add every detail of the citizen's official status and record. After all, as it is already being said, the innocent will have nothing to hide and nothing to fear.

New Labour will not oppose ID cards. Scrabbling for votes, it wants to appear every bit as tough on law and order. So opposition is left to the citizen. Those who prize their liberty will understand that the plan is as dangerous as it is ill-considered. If enough refuse a card it cannot work.

Mr Umberto Bossi, the leader of Italy's populist Northern League, will soon officiate at a new kind of political ceremony. His believers will convene on September 15 on the banks of the Po river, hold each other by the hand and form a human chain.

Mr Bossi will deliver a speech to denounce Roman colonialism and invoke upon the league the blessings of two patron saints: Braveheart, hero of the Scottish fight against the English; and Mahatma Gandhi, hero of India's non-violent resistance against the British Raj. At the end of his speech he will repeat that Italy needs two states, two economies, two currencies.

He will not specify where the border between the two states should be, but will probably ask his followers to proclaim, with an oath of allegiance, the birth of a new nation: Padania.

We do not know the programme of the day yet, but we know that order will be assured by the "green shirts" of the Guardia Nazionale Padania and that the ceremony will take place in the presence of the league's general staff: the members of the league's parliament in Mantua, the members of the Committee of National Liberation of Padania, the league's mayors in the northern cities, and the ministers of the "sun cabinet" (the opposite of the shadow cabinet) under the guidance of Mr Renato Pagliarini, their prime minister.

There will also presumably be a group of business people among those who have accepted Mr Bossi's invitation to mark their products, from now on, as "made in Padania".

The event is a good example of the political and verbal eclecticism with which the leader conquered 30 per cent of the northern elec-

LETTERS TO THE EDITOR

Number One Southbank Bridge, London SE1 9HL

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British dairy farmers' future soured by EU

From Mr Anthony Rosen.
Sir, How ironic that your report ("NZ dairy farmers enjoy 20 per cent income boost", August 21) should come at a time when British dairy farmers, second only to New Zealanders in their technical efficiency in milk production, should be having to pay an all-time record price to lease milk quota.

The New Zealanders are, quite rightly, meeting the growing world demand for dairy products with efficient production and marketing while European taxpayers are subsidising inefficient and costly milk production to the tune of more than £4m annually. British dairy farmers will never be able to compete in the growing world market

while they are strangled by Europe's completely unnecessary milk quota regime. I wonder if consumers realise that an efficient British dairy farmer can produce milk for less than eight pence a pint but then has to acquire the necessary milk quota to enable them to sell the milk - this quota costs an additional

eight pence a pint to lease. You don't have to be mad to understand European Union agricultural policy, but it would certainly help. Anthony Rosen, chief executive, Feenix Farming, Rosehill, Arford, Headley, Hampshire GU35 5DF, UK

Short-sighted measures in Romania

From Mr Brian H. Lait.
Sir, Your article on the fall in value of Romania's first eurobonds ("Economy fears hit Romania's first eurobonds", August 15) seems to suggest this is a sudden surprise.

If the economy continues to decline regarding earnings of hard currencies, how on earth do the financiers and the government expect the bonds to be repaid on maturity? I suppose their simple answer is to issue more bonds.

What is needed is the opening of the doors to foreign investors to manufacture for export purposes to earn the hard currencies that will get this country out of the deep hole dug by its monolithic bureaucracy.

desperate attempt to shore up a disastrous economic situation in the hope that a miracle will occur after the November election. Encouragement from international banks along such a path will exacerbate the agony that must inevitably follow and demonstrates a remarkably irresponsible attitude to business by those who should know better.

Even the most myopic financier (myopia is an increasing disability within Romanian political and financial circles - otherwise known as the "quick buck" syndrome) has been aware for many months that the Romanian economy is in dire financial straits and the issuance of bonds on the international market is neither a short, nor medium nor long-term solution.

Issuing bonds and syndicated loans in hard currency smells of a

Brian H. Lait, managing partner, Deloitte & Touche, Splaiul Unirii Nr 6, Etaj 5, Sector 4, 75101 Bucharest, Romania

Too hard to put into words

From Dr Walter Grant Scott.
Sir, When "synergy" was the word we celebrated the marriage of two great companies - Thorn and EMI. Now when "synergy" is the word, we are celebrating their divorce.

How much of our public and business life turns on the use of a single word.

Waiter Grant Scott, Walter Scott and Partners, Milburn Tower, Gogar, Edinburgh EH12 9BS, UK

Strengths of the investment trust structure

From Mr Douglas McDougall.
Sir, The comments in the Lex column of August 15 on the relationship between boards and management of investment trusts fail to recognise one of the strengths of the investment trust structure. It is ironic that they should be sparked by the developments at Kleinwort European Privatisation Investment Trust, where the directors are exercising their independence to protect the interests of shareholders.

stake and dominates the trust's board". There is no case where a management company has a controlling stake, indeed it is rare for the management company to have any stake at all. Furthermore, the listing requirements of the London Stock Exchange and the membership requirements of this association (representing more than 90 per cent of the industry) state boards have to have a majority of independent directors and to be in a position to act independently of the fund manager.

offer protection against a sudden and substantial loss of business which could arise without any fault on the part of the manager (successful trusts have been taken over) and threaten his operation. Notice periods have been coming down and are now often around one year's fee. My impression is that they have been coming down rather more quickly than notice periods for executives.

widened to about 9 per cent recently, it has narrowed from more than 20 per cent in the past decade as the merits of these companies have become better appreciated. Furthermore, our statistics show that, notwithstanding the variations in the discount, investment trusts have performed well over a long period.

Lex wishes to see a narrowing of the "sector's notoriously big discounts to asset value". Although the average discount has

Management contracts were originally intended to

Douglas McDougall, chairman, Association of Investment Trust Companies, Durrant House, 8-18 Chiswell Street, London EC1Y 4YF, UK

Europa • Sergio Romano

The Bossi phenomenon

Italy's politics make it easy for the charismatic chief of the Northern League



Umberto Bossi: high priest of Italian northern nationalism

Mr Umberto Bossi, the leader of Italy's populist Northern League, will soon officiate at a new kind of political ceremony. His believers will convene on September 15 on the banks of the Po river, hold each other by the hand and form a human chain.

Mr Bossi will deliver a speech to denounce Roman colonialism and invoke upon the league the blessings of two patron saints: Braveheart, hero of the Scottish fight against the English; and Mahatma Gandhi, hero of India's non-violent resistance against the British Raj. At the end of his speech he will repeat that Italy needs two states, two economies, two currencies.

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We do not know the programme of the day yet, but we know that order will be assured by the "green shirts" of the Guardia Nazionale Padania and that the ceremony will take place in the presence of the league's general staff: the members of the league's parliament in Mantua, the members of the Committee of National Liberation of Padania, the league's mayors in the northern cities, and the ministers of the "sun cabinet" (the opposite of the shadow cabinet) under the guidance of Mr Renato Pagliarini, their prime minister.

There will also presumably be a group of business people among those who have accepted Mr Bossi's invitation to mark their products, from now on, as "made in Padania".

The event is a good example of the political and verbal eclecticism with which the leader conquered 30 per cent of the northern elec-

torate at the last elections. In Mr Bossi's hands, as in those of King Midas, everything is turned to gold: Braveheart, Gandhi, the references to the Resistance, even the "green shirts" of Hungarian Nazis.

I would not be surprised if hundreds of thousands of people took part. Are they all secessionists? Are they all ready to take an oath of allegiance to "Independent Padania"?

According to Mr Antonio Mancino, the speaker of the Senate, the question should be addressed to the people through a referendum. We would probably discover that northern Italians who favour separation are, among the league's voters, a minority. The majority know that the south is an important market and business people in particular know that the inevitable devaluation of the southern lira, if Padania were to become independent, would convince many northern industrialists to cross the Gothic line and profit from the low salaries of southern workers.

This, however, makes the Bossi phenomenon even more interesting. If only a minority want the independence of Padania, why is Mr Bossi so successful? What are the ingredients of his political capital?

The first ingredient is the enthusiastic co-operation of the media. Mr Bossi supplies the press and television with an inexhaustible sequence of incidents, anecdotes, dñels, coups de théâtre. He is not only a political leader. He is a magnificent actor who manages to create around himself a stage to which journalists, camera operators and photographers immediately direct their attention.

The phenomenon produces paradoxical consequences. All political leaders rush to climb on the stage and share Mr Bossi's limelight. They criticise and attack him to profit from the visibility of the stage; and they inevitably contribute to the success of his media performances.

The second ingredient of Mr Bossi's political capital is represented by the dissatisfaction of northern voters with the malfunctioning of the central state. Having promised a federal reform the Prodi government has taken only some decentralisation measures.

It is probable that nobody, under the present conditions, could do more. A government which must redress the state's finances and have the budgetary deficit within two years cannot partially transfer to the regions, within the framework of a

federal reform, the control of income and expenditure. But the contrast between words and deeds creates a northern frustration which Mr Bossi skillfully exploits. Many northern citizens support him because they think he is the best loudspeaker for their anger and protest.

The third ingredient is the Italians' political mentality. His programme is volatile, inconsistent and contradictory. When he was a federalist he never provided a complete, rational and convincing blueprint of the federal state he wanted to build.

Today he exhibits the most thoughtless indifference to the eventual consequences of secession. He promises fiscal revolts and declarations of independence, but his promises and threats are cancelled and superseded by other promises and threats. He denounces the conspiracies against the league, but he does not supply evidence for his statements.

Here is a good example of Mr Bossi's technique. Recently in the course of an interview with a journalist of the Corriere della Sera, he revealed that the Italian intelligence service had decided to mount a criminal operation - a bank robbery - to frame the league. He brandished a piece of paper, presumably containing the evidence. A few hours later Italians learned that the idea of the conspiracy came from a piece of political fiction.

Under different circumstances and in a different country Mr Bossi's cynicism would have lost him much political credibility.

In Italy the damage to Mr Bossi has apparently been minimal. There are obviously Italians who do not require seriousness and consistency from a politician, but are content with a defiant and boastful swagger.

As long as the media illuminates the stage, the Rome government fails to tackle reforming the state, and the followers of the league do not hold him responsible for his words, there will always be a Bossi in Italian political life.

The author is a historian and columnist for La Stampa, the Turin daily newspaper

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FINANCIAL TIMES

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Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Friday August 23 1996

Bundesbank teases again

The Bundesbank loves to tease. Yesterday's widely unexpected decision to cut the repo rate (or "repo" rate) by as much as 30 basis points - to an historic low of 3 per cent - is as characteristic as the then unexpected decision not to cut four weeks ago. But it is welcome. The question is whether it will be enough.
Before the last meeting senior officials hinted that lower interest rates were on the way. Yet nothing happened. What has changed to justify a relatively large cut, the first since early February? Mr Hans Tietmeyer, the Bundesbank's president, points to low inflation and the slowdown in monetary growth. Is this convincing? Up to a point, Mr Tietmeyer.
Inflation is indeed low. But so it was a month ago. No new information on prices seems to justify the change in interest rates. Year-on-year rates of increase in the cost of living have been about 1 1/2 per cent throughout 1996. The increase in labour earnings in the year to the first quarter was already down to 3.7 per cent.
Moreover, a recovery seems to be under way. The economy probably grew strongly in the second quarter. The business climate index from the Ifo economic research institute, published on Wednesday, jumped to an eight-month high.

Smoking under fire

America's tobacco companies might be forgiven these days for feeling almost as beset as the pariahs to whom they sell their products. A growing wave of lawsuits brought by smokers and by US state authorities has sent their share prices reeling. Now President Bill Clinton seems set to endorse new rules from the Food and Drug Administration for regulating the sale of cigarettes. Will tobacco companies have to forfeit a large chunk of their US profits? And where is the tide of increased regulation leading?
The first question can only be answered by the courts. But it is now being posed insistently, thanks to a jury verdict in Florida two weeks ago ordering Brown & Williamson, the US subsidiary of BAT Industries, to pay \$780,000 (\$48,870) damages to an addicted smoker and his wife. This was only the second such case to have been lost by the US tobacco industry. Since the first, in the 1990s, was overturned on appeal, this now stands as its only defeat.
The companies' worry is that, with hundreds more cases pending, one more hostile verdict could establish a trend. And the arguments against the industry are growing in sophistication. Jurists have in the past accepted that smokers freely choose their vice, but the Florida panel was swayed by evidence that the company had concealed knowledge that nicotine was addictive. Public authorities are increasingly seeking redress for costs incurred through smoking damage.
Health warnings
The proliferation of cases has more to do with the ingenuity of the US legal profession mining a new seam of profit than with the merit of the arguments. It can hardly have escaped the attention of any sensible American that smoking is harmful or addictive, since the US surgeon general's 1966 edict which prescribed health warnings on cigarette packets.
The health authorities' legal case is, if anything, weaker. Although the precise sums are

A world that turns on plastic

The race is on for global payment groups to develop 'electronic purses' using smart cards, say Motoko Rich and George Graham

In Mission: Impossible, Tom Cruise's latest film, the fearless Ethan Hunt breaks into the CIA computer room, disarming a technological stronghold by punching in numerical codes and submitting his eyes for a retina scan.
While most viewers see such high-tech wizardry as fantastical, some of the gadgets may not be far from reality. Researchers worldwide are experimenting with technology which would allow not only security barriers but also electronic payment systems to use the retina, the handprint or even a facial expression as an identification method.
We are moving into the electronic age where money will just be information about the wealth you have, says Mr Hans van der Velde, president of the European Union region of Visa International. Some companies believe that parts of the body, rather than paper or coins, can be used to establish the amount of money somebody has available to spend.
For the time being, however, most participants in the payment industry believe the best alternative to cash remains the humble, but universal, plastic card.
An increasing number of payment card organisations are replacing the magnetic strip - the present industry standard - with a tiny computer microchip which enables cards to be used not only to carry out financial transactions but also to store data about the card's owner.
A chip-based card is much more difficult to counterfeit than the magnetic stripe card, and can carry details of a cardholder's insurance policies, medical history or driver's licence. It can be used to manage a retailer's loyalty programme and, even, be used as a key for house or car.
Above all, as a plethora of experiments demonstrates, it can be used as an "electronic purse" storing value instead of petty cash. Pilot programmes from the US to Australia are testing the capabilities of these cards.
In the UK, the most advanced trial is being conducted by Mondex, originally hacked by National Westminster Bank and Midland Bank, and now owned by 17 banks. During the past year Mondex has invited customers to use the cards in Swindon, where they can pay for small-items-like newspapers or chocolate bars without coins or notes.
The cards are loaded up with value debited from the customer's bank account at automated teller machines or on "smart" telephones. Retailers can then take funds off the card without having to authorise each transaction on-line.
While Mondex is in a race with other global payment organisations to develop and market its version of the electronic purse on a global basis, several regional projects are harnessing the smart card technology for a number of payment applications.
Transcard, operated in western Sydney by Card Technologies Australia, combines an electronic pass with a re-loadable cash card that clocks up loyalty bonus points for buying McDonald's hamburgers or entry to the local swimming pool. In France, customers can pay for taxi rides, newspapers and phone calls with virtually ubiquitous smart cards.
Sponsors of these projects are enthusiastic about the early results. "The technology works,



CUMMINGS

notably Mondex - do not comply. "The issue of standards has complicated the market for 15 years," says Mr Gerald Hawkins, manager of card services at Lloyds TSB in the UK. "It is one of the reasons why Mondex, whilst clearly a very advanced development, has taken a bit of a knock." The idea of a standard is that it would guarantee interoperability between systems, because retailers will want multiple terminals to accept different cards.
Mondex argues that the market, rather than standards, will determine which cards will operate in point-of-sale terminals. It says that a number of these terminal suppliers have already demonstrated that interoperable equipment can be made to accept Mondex and all other magnetic stripe and chip cards.
In fact, the EMV standards themselves have been criticised

because they stick to "contact" technology, in which the chip must come into physical contact with a reader inside a slot. For high volume applications in places like metro railways or buses, contactless technology, in which a card contains a small radio transmitter or a stripe that can be read with a quick swipe, are considered more appropriate.
"A contact smart card in a mass transit environment is just too slow," says Mr John Hall, general manager for retail banking services for the Credit Union Services Corporation of Australia. The biggest problem of all, however, is ensuring the smart card makes financial sense.
"The reason for all these projects is that no-one has proven the business case. I'll be really interested to see if anyone makes money out of this," says Mr Eugene Lockhart, president and chief executive of

MasterCard International. The business case for the smart card has receded because telecommunications charges which once made on-line verification expensive are now coming down, and with them fraud rates. "Ten years ago you could justify the purse on the basis that it would cut costs," says Mr Peter Hirsch, managing director of Retail Banking Research, the consultancy. "But now telecommunications costs are coming down and the business case is getting weaker. The chip is too expensive to give short-term returns."
But at about \$10 a piece, a smart electronic purse - though more expensive than a magnetic stripe card - is not completely devoid of financial advantages. Cash, which the purse would partly displace, is expensive. The Association of Payment Clearing Services in London estimates that cash handling costs the UK financial services industry about £2bn a year.

For banks, the purse could be the chance to undo some of their past mistakes. In Australia, for example, the banks have pressed cards so far that they are being used for much lower value purchases than banks would like.
"We don't think much of paying 20 cents to process a 95 cent transaction at McDonald's," says Mr Hall of the Australian credit unions.
For merchants, the replacement of cash means the elimination of considerable hassle. "If you take cash, you have to take it home, count it, put it into a night safe and then pay it into the bank the next day," says Mr Richard Jackson, manager of Victoria News in Swindon, which accepts the Mondex card.
But many retailers are likely to resist paying for the "privilege" of accepting the purses. "Of course there will be tough negotiations between individual banks and retailers," says Mr Ron Clark, chief executive of Mondex UK. "We had this battle over Switch [the UK debit card brand] with retailers who said they wanted us to provide it for free. But over time they have paid for it because it is a business proposition."
Consumers, on the other hand, may prove much more difficult to convince that an electronic purse is worth paying for when they can get cash for free.
But Transcard charges A\$8.95 (US\$7.82) a card, and says customers gladly pay it because the cost is covered within two weeks by the free bus rides they earn through a loyalty bonus scheme.
"We have categorically proved that the consumer will pay," said Mr David MacSmith, managing director of Card Technologies Australia.
But it still may be difficult to persuade consumers to abandon cash altogether. "We are going to have a migration period of at least 10 years," said Mr Lockhart of MasterCard. It will take even longer for more technologically advanced developments like the retina scan to move out of the film world into the marketplace.
Mr Richard Tyson-Davies, director-general of Apacs said: "The card is one of the most standardised items in the world. It is tremendously accepted and recognised so it would be a very bold person who threw that away."

notably Mondex - do not comply. "The issue of standards has complicated the market for 15 years," says Mr Gerald Hawkins, manager of card services at Lloyds TSB in the UK. "It is one of the reasons why Mondex, whilst clearly a very advanced development, has taken a bit of a knock." The idea of a standard is that it would guarantee interoperability between systems, because retailers will want multiple terminals to accept different cards.
Mondex argues that the market, rather than standards, will determine which cards will operate in point-of-sale terminals. It says that a number of these terminal suppliers have already demonstrated that interoperable equipment can be made to accept Mondex and all other magnetic stripe and chip cards.
In fact, the EMV standards themselves have been criticised

OBSERVER

You may not credit it
Good news for economic historians. Credit Lyonnais, the state-owned French bank, is selling the 2002 of copies to researchers. Most of the bank's collective memory happily escaped the fire that recently destroyed much of its headquarters.
There is, however, less joy around for those hoping to gain enlightenment on such issues as last year's negotiations between the government and the bank over its costly restructuring package. The relevant material has not yet been submitted to the archives, and would in any case not be susceptible for 90 years.
As for those who might hope to gather information on the credit-worthiness of some of the bank's more illustrious clients, they will have to be even more patient. With the requirement that nothing is divulged on individuals until 120 years after their birth, the only intimate financial details available on a living person would be those of Jeanne Calment, the world's oldest woman, and we don't think she's a Credit Lyonnais client.
Still, the archives have already turned up interesting material, such as the recently published

book based on the bank's involvement in loans to the cinema industry. Unfortunately it only goes up to just after the second world war, omitting the less-than-happy circumstances of its control of the loss-making MGM studio in the early 1990s, finally sold in the last few weeks.
Having a ball
European soccer is attracting a wave of new money, mainly from broadcasters. Perhaps because of that, the "S" word for strikes - seems to be popping up with increasing frequency.
In England, the Football League is in dispute with the Professional Footballers' Association over the distribution of TV cash. The players' union insists it should receive a 10 per cent share of the £1.38m the league is getting from Rupert Murdoch's Sky TV over five years, in line with the traditional percentage payment it has received as its share of TV rights.
The league claims that the union would be breaking industrial law if it encouraged its players to strike, but the union is likely to win a mandate for a strike once the players respond to a ballot. The two sides are due to meet for more talks today.
Dutch soccer referees are also

getting pushy - they're threatening to strike next month. They want bigger match fees and better pension rights. Even more risible, when they get their photographs published they want the same whacking sort of payments the players get.
Little stinkers
In France, the under-10s are now the new target of the perfume industry. In 1995 total cosmetics sales in France were FF728.3bn (\$5.6bn) - FF746.5m (\$58m) went on babies or children.
French cosmetics giant L'Oréal three years ago launched one of the children's market its line of P'tit Dip fruit-flavoured shampoos. And Givency has produced the baby perfume Pissabou, which means "the little one smells nice" in French baby-talk.
Just one problem. "We're talking about hygiene, and children prefer to be dirty, not perfumed, not even showered," says Alix Brijaotoff, an adviser to the upmarket Bonpoint children's stores.
Nickels 'n dimes
A joker at the headquarters of Norilsk, Russia's big Siberian nickel producer, has changed the sign on the cash office door to

read "No cash office." Cash flow problems mean that employees don't expect their April and May salaries to be paid until next February (plus seven per cent interest).
But Norilsk has evidently found a way of denying the deficit, according to Ray Goldie, metals specialist at Richardson Greenfield, the Canadian stockbroker. Goldie and some Canadian nickel industry executives on a visit to the company were shocked when Norilsk's tour organiser unexpectedly announced that the cost of tours of the mine and surface workings would be US\$660 a person, payable in cash. That's more than a miner earns in a month. And at least twice the average pay in Russia.
Holiday blues
Summer holidays - don't you love them? Not if you're a finance director. Some of them in Britain think they're nothing but a nuisance.
A survey by the UK's Chartered Institute of Management Accountants has found that 10 per cent of fun-loving finance chiefs questioned said they "hated summer holidays because they disrupt normal work patterns and reduce profitability". Don't fret chaps, in the UK, at least, they're almost over.

100 years ago
Bell Telephone
After an irregular opening in our market to-day business became very inactive, but the tone was distinctly stronger at the close. The chief feature of the day's dealings was Western Union Telegraph, which rose early in the session, in consequence of a rumour that the Company had gained control of the Bell Telephone, but broke again almost immediately, on an official denial of the story.
Elsewhere there was little doing, the sales of the day amounting to only 55,000 shares, of which 10,000 were Telegraph and 11,000 Sugar.
50 years ago
Newspaper Unknowns
By Lex.
With so many unknowns in the newspaper investment quarter - I noticed a reminder yesterday that one of the Press Lords once said that his paper was not run for the prime purpose of making profits - it is difficult to enthuse over capital appreciation prospects of Newspaper shares.
They have indeed not quite lived down the speculative reputation engendered by pre-war attempts to obtain readers at any price. Yields are small and most shares seem to discount the foreseeable future.

LEGAL DEFINITIONS
 stake n. & v. 1 popular outcome of witchcraft trials in the Middle Ages 2 sum of money risked for gain or loss on the outcome of an uncertain event. See ROWE & MAW: ashp (p4 0171-248 4282)
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FINANCIAL TIMES

Friday August 23 1996

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China turns up heat for union with Taiwan

By Tony Walker in Beijing

China has called for a resumption of "political talks" with Taiwan in a move aimed at increasing diplomatic pressure on Taipei to accelerate progress towards reunification. Mr Tang Shubei, China's top negotiator with Taiwan, told Taiwanese visitors this week "it is time" to resume negotiations, saying Beijing wanted peaceful reunification and an end to hostility.

The initiative reflects frustration in Beijing at lack of movement on reunification since presidential elections in Taiwan in March. Before the elections, China sent missiles into waters off Taiwan and lambasted its president as someone destined for the "dustbin of history." In Beijing, a western official said China, disappointed that Taiwan had not resumed a dialogue, appeared to have

decided it was time "to put the ball back in Taiwan's court". China regards Taiwan as a renegade province and has not ruled out force to secure its return to mainland control. Taiwan's response to the latest diplomatic offensive, which includes proposals for direct shipping links, has been non-committal. "We have never ruled out talks on political issues with the mainland," said Mr Kuo Koong-lian of Taiwan's policymaking Mainland Affairs Council.

A Chinese foreign ministry official dampened expectations of an early resumption of talks, accusing Taiwan of "disrupting" prospects. Beijing suspended cross-strait negotiations in protest at the visit to the US in June of Taiwan's President Lee Teng-hui.

Beijing had scaled back its criticism of Mr Lee following his election and had been encouraged by his offer of a

"journey of peace" for talks with mainland officials, but expectations of action have been disappointed. Chinese officials have been saying privately they believe Mr Lee is not interested in a dialogue and his real agenda is to promote a policy of "one China, one Taiwan" or "two Chinas". Mr Tang, who is vice-chairman of the Association for Relations Across the Taiwan Straits (ARATS), said China was committed to reunification through peaceful means, but Taiwan appeared intent on "splitting the country and ruling it under separate regimes".

China's renewed call for negotiations on such issues as direct shipping, air and postal links and, eventually, on reunification questions coincides with a resumption of what the Taiwanese describe as "pragmatic diplomacy" aimed at increasing their international living space.

Peruvian president accused of a virtual coup d'état

By Sally Bowen in Lima

Opposition leaders in Peru have attacked an attempt by Mr Alberto Fujimori, the country's president, to stand for an unprecedented third five-year term.

Consecutive presidential terms are traditionally taboo in most Latin American countries, but Mr Fujimori, now entering his seventh year in office, is paving the way to remain his country's head of state until the year 2005.

Yesterday a proposal was being hotly debated in congress, where Mr Fujimori's party has an overall majority, which would allow him to run for office again.

Peruvian opposition leaders have denounced the move as unconstitutional and an effective coup d'état. But members of the ruling Cambio 90/Nueva Mayoría alliance say the proposal simply "interprets" the existing constitution without changing it. Earlier this week a congressional commission approved the draft law.

Moreover, Mr Fujimori's popular approval ratings, strengthened by the virtual defeat of terrorism, the curbing of inflation and the normalisation of relations with the international financial community - have remained consistently above 60 per cent, sometimes hitting 80 per cent.

Many local businessmen and foreign investors associate Peruvian stability with Mr Fujimori and would be glad to see him stay.

He has governed Peru since July 1990 when, as a relatively obscure university rector, he snatched the presidency from the internationally known novelist Mr Mario Vargas Llosa. Less than two years later, alleging obstructionist tactics by Peru's "traditional" political parties, he closed down congress and the judiciary.

An elected constituent assembly - in which Peru's two main opposition parties refused to participate - then rewrote the constitution to permit a serving president to stand for a second consecutive term. Mr Fujimori was re-elected last year in a resounding first-round victory over former UN secretary-general Mr Javier Perez de Cuellar.

Mr Fujimori's supporters argue that because a new constitution was introduced in 1993, he was in fact elected for the first time in 1995 and could, therefore, stand again in the year 2000.

The congressional debate on the move, expected to continue well into the night, will deflect attention from an embarrassing series of corruption allegations against Mr Fujimori's chief intelligence adviser, Mr Vladimiro Montesinos.

THE LEX COLUMN

Wealth warning

Cigarette companies are proving bad for your wealth. The tobacco giants' profits are surging, aided by growing sales in emerging markets; but against a backdrop of legal and political threats in the US, investors are steering clear. Since the industry lost its second case ever two weeks ago, the Western world's three biggest tobacco companies have lost close to 20 per cent of their stock market value. Yesterday's scare only confirmed tobacco's status as a pariah sector.

The latest sell-off looks like an over-reaction. President Bill Clinton's proposals to hand regulation of cigarettes over to the Food and Drug Administration were made a year ago. It is bad publicity and would be a blow if it actually happened. But there is a strong legal case to suggest it will be thrown out in court. Concerns over the impending judgment in the case of Mr Richard Rogers, who died of lung cancer, are more understandable. A guilty verdict would be the worst blow to date. Nonetheless, the case is being held in a favourable jurisdiction for the cigarette companies; so the odds must be on another escape.

A favourable judgment in the Rogers case would push shares higher, but litigation concerns will not disappear. Investors should step up the pressure on BAT, RJR and Philip Morris to demerge non-tobacco businesses. Both BAT and RJR would add substantial immediate value by releasing their financial services and food businesses from legal risk. Given the performance of their shares, it is the least management could do.



The decision to keep activities Rentokil has no experience of, such as resort management and crane hire, raises the risk that something will go wrong. Second, these businesses are more capital intensive and more cyclical than traditional Rentokil gold mines like pest control. Retaining them will drag down the share rating of the entire group.

Rentokil has set its face against disposals because they would dilute earnings per share and could impair its 20 per cent annual earnings growth. That seems a short-term view when asset sales would improve the quality of the portfolio. After outperforming the stock market by a fifth since the bid was announced, the shares stand on a 60 per cent premium to the market average. They look expensive.

Bundesbank cuts repo rate to 3%

Continued from Page 1

rate decision. But low inflation, with no dangers to price stability on the horizon, had also influenced the move.

He added the repo cut was also consistent with international conditions, though he made no reference to the problems of the French franc. Some economists said there was a strong European dimension to the Bundesbank's rate cut. The move would also help German exporters by braking the D-Mark's rise, they said.

"We are getting more aware in the run-up to European monetary union that policy moves have international implications," said Mr Klaus Friedrich, chief economist at Dresdner Bank in Frankfurt.

Mr John Butler, a bond analyst at WestLB Research in Düsseldorf, said the Bundesbank had taken strong account of European needs. "European factors were crying out more for a rate cut than German ones."

But Mr Martin Hüfner, chief economist at Bayerische Vereinsbank in Munich, disagreed. "The Bundesbank is not the European central bank. It acts purely from its own considerations."

German business is switched on over Emu change

By Peter Norman in Bonn

The seriousness with which German businesses are taking European economic and monetary union - still years away - was underlined yesterday at a specially arranged meeting.

Although the D-Mark is not due to be replaced by the euro until 2002, businessmen discussed problems they think the switch will cause.

These included issues like how to write price labels on goods in the transitional period while national banknotes and coins are being replaced.

Around 100 representatives from German trade federations turned up at the hearing, arranged by the government to help it form an approach to negotiations with the European Commission on the switch to the euro.

Mr Klaus Friedrich, chief economist of Dresdner Bank in Frankfurt, said the bank was on the verge of deciding to invest DM150m (\$101.3m) in hardware and software to cope with Emu.

Once such decisions were made it was difficult to imagine

Emu being abandoned or postponed, he said.

According to an economics ministry official, the main message from the meeting was that there should be no mandatory "double pricing" in D-Marks and euros during the transitional six months from the beginning of 2002.

A survey carried out for the meeting by the German chambers of industry and commerce (DIHT) showed that more than three quarters of the 200 companies questioned wanted to price their goods and services in euros before the official replacement of national currencies at the beginning of 2002.

Just under half favoured voluntary pricing in D-Marks alongside official prices in euros in the first half of 2002, while just under a quarter were in favour of showing prices in euros only.

However, retail trade representatives feared problems in providing bar codes with double pricing, and claimed that only a quarter of German cash registers could be adapted to show prices in both euros and D-Marks.

Tobacco groups face growing pressure

Continued from Page 1

of the Food and Drug Administration. The FDA's remit requires it to ensure the drugs and products under its authority do not go on the market unless they are safe.

Since cigarettes are not safe,

the FDA would theoretically be obliged to ban them.

Tobacco manufacturers have already launched legal action to block the move, with some hope of success.

Until now, the FDA has only had jurisdiction over products which make claims of health-

benefits. The new federal regulations on tobacco products have long been expected.

A year ago, Mr Clinton proposed measures including severe curbs on tobacco advertising, and a ban on vending machine sales.

FT WEATHER GUIDE

Europe today
 A frontal zone with rain and showers will enter Europe from the west. The British Isles will have most of the rain but it will also be wet in western France and north-western Spain. Eastern Spain will be dry and sunny. Germany will be mainly dry but there will be thunder showers in the extreme east. There will also be thunder showers in western Poland, the Czech Republic and Slovakia. A front will move into Scandinavia, causing rain in south-western Norway. Italy and the Balkan States will be mainly dry with sunny periods. Thunder showers will develop in Greece, but most of Turkey will be sunny and dry.

Five-day forecast
 The Benelux, France and Germany will have showers and Scandinavia will have abundant rain. Most of Spain will be sunny and dry, although thunder showers are likely in the east. Italy will have sunny periods. Greece and Turkey will be mainly sunny and warm.

TODAY'S TEMPERATURES
 Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

| | | | | | | | | | |
|----------------|-----------|--------------|---------|------------|-----------|-----------|-----------|------------|-----------|
| Medium Beijing | fair 28 | Caracas | fair 32 | Fero | sun 27 | Madrid | sun 27 | Rangoon | rain 30 |
| Abu Dhabi | rain 18 | Cardiff | show 20 | Frankfurt | sun 25 | Majorca | sun 28 | Raygwick | sun 14 |
| Acra | sun 42 | Belgrade | sun 25 | Geneva | sun 24 | Malta | sun 30 | Rio | sun 24 |
| Algiers | cloudy 26 | Berlin | fair 27 | Chicago | fair 26 | Gibraltar | sun 28 | Rome | fair 30 |
| Aristarom | sun 29 | Bermuda | fair 24 | Glasgow | fair 24 | Hamburg | rain 17 | S. Frisco | sun 24 |
| Athens | rain 21 | Bogota | fair 19 | Dakar | sun 31 | Helsinki | sun 27 | Sao Paulo | sun 20 |
| Atlanta | thund 30 | Bombay | show 30 | Dallas | sun 33 | Hong Kong | cloudy 31 | Singapore | show 31 |
| B. Aires | fair 25 | Buenos Aires | rain 22 | Delft | thund 30 | Honolulu | sun 32 | Stockholm | fair 26 |
| B. Ham | show 21 | C. hagen | fair 24 | Dubai | sun 42 | Istanbul | sun 28 | Sydney | fair 18 |
| Bangkok | show 34 | Cairo | sun 34 | Dubrovnik | rain 17 | Jakarta | sun 30 | Taipei | sun 27 |
| Barcelona | sun 27 | Cape Town | show 18 | Edinburgh | rain 18 | Jersey | show 19 | Tel Aviv | sun 32 |
| | | | | Karachi | fair 32 | Kuwait | fair 32 | Tokyo | fair 30 |
| | | | | L. Angeles | sun 46 | Nicosia | sun 46 | Toronto | sun 28 |
| | | | | Las Palmas | sun 28 | New York | sun 28 | Vancouver | sun 26 |
| | | | | Lima | cloudy 18 | Nice | sun 27 | Vienna | fair 26 |
| | | | | Lisbon | fair 26 | Nicosia | sun 24 | Warsaw | show 24 |
| | | | | Luxembourg | show 21 | Oslo | fair 26 | Washington | sun 32 |
| | | | | Lyon | show 21 | Paris | show 23 | Wellington | cloudy 11 |
| | | | | Madera | sun 27 | Prague | show 18 | Winnipeg | fair 25 |
| | | | | | sun 25 | | | Zurich | fair 22 |

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FINANCIAL TIMES COMPANIES & MARKETS

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Friday August 23 1996

IN BRIEF

Norske Skog beats downturn

Norske Skog, Norway's largest pulp and paper group, bucked the trend of falling profits among Scandinavia's big forestry companies by reporting a 22 per cent jump in first-half pre-tax profits to Nkr1.04bn (\$182m). But it cautioned on second-half earnings. Page 13

Chip demand helps Canon double Canon, the Japanese camera and office equipment maker, reported more than doubled profits of ¥63.7bn (\$682.2m) for the first half of the year, supported by firm demand for semiconductor chips and computer-related products, and the weaker yen. Page 12

News Corp shares slip as profits fall Shares in News Corporation, the international media and entertainment group run by Mr Rupert Murdoch, fell 7 cents to A\$6.40 after higher paper prices and abnormal charges caused the company to report a 25.3 per cent fall in after-tax profits to A\$1.02bn (\$790m) for the year to June 30. Page 12

Shareholders consider SmarTone sale Shareholders in SmarTone Mobile Communications, the smallest of Hong Kong's four mobile phone operators, are considering a flotation of the company, according to Sun Hung Kai Properties, which holds a 40 per cent stake. Page 12

Currency effect bolsters BASF BASF, the German chemicals group, reported a 3.5 per cent increase in underlying profits in the first half as a result of currency gains and acquisitions. Pre-tax profits excluding exceptional items were up DM100m to DM2.93bn (\$1.97bn), thanks to favourable currency movements. Page 13

Skanska rises strongly to SKr2.4bn Skanska, Sweden's biggest construction group, shrugged off continued weakness in the European and domestic building market to post a 57.6 per cent increase in first-half pre-tax profits to SKr2.4bn (\$361.4m). Page 13

Bass set for Carlsberg-Tetley deal Bass was last night close to agreeing to pay £200m (\$312m) for Allied Domecq's share of Carlsberg-Tetley, the brewing joint venture owned by Allied and Carlsberg, the Danish drinks group. Page 14

ITT Sheraton rules out Executive buy ITT Sheraton, the international hotel chain, has ruled itself out of the auction of 17 Executive Forte hotels by Granada Group, the UK television and leisure concern. The chain was valued at \$330m (\$1.45bn) by Christie, the UK property surveyors, at the end of last year. Page 14

Can recycling climbs outside US The rate of recycling of aluminium beverage cans continued to climb last year - reaching 35 per cent in Europe and 65.7 per cent in Japan, which for the first time recorded a higher rate of recycling than the US. There the total dipped slightly to 62.3 per cent. Page 20

Table with 3 columns: Company, Share Price, Change. Includes Agas, Allied Domecq, Archer Daniels Mid, Ashdon Mining, Avesta Sheffield, BASF, BSKyB, Bass, Battle Mountain Gold, Canon, Carlsberg-Tetley, Cheung Kong, Codelco, DFDS, Danubius Hotels, Den Danske Bank, Deutsche Bank, First Federal S&L, Grenada, Gruma, H&C, HSBC, Hungaria Hotels, Hutchison Whampoa, ING Group.

Table with 3 columns: Market Statistics, Index, Change. Includes Annual reports service, Bond futures and options, Bond prices and yields, Commodities prices, Dividends announced, EMS currency rates, Eurobond prices, Fixed interest indices, FTSE 100 World Indices, FTSE 100 Index, FT/ASIA Int'l bond sw.

Table with 3 columns: Chief price changes yesterday, Price, Change. Includes FRANKFURT (DM), PARIS (FF), RUSSELL 2000 (USD), S&P 500 (USD), Nikkei 225 (JPY), Hang Seng 1996 (HKD), London (GBP), New York (USD), Tokyo (JPY), Sydney (AUD).

HSBC in \$620m US bank deal

By George Graham, Banking Correspondent

HSBC, the UK-based international banking group, yesterday raised its presence in the fast-consolidating US banking market when Marine Midland, its New York subsidiary, agreed to pay \$620m to buy First Federal Savings and Loan.

Mr Jim Cleave, chief executive of both Marine Midland and HSBC Americas, said the acquisition of First Federal from the Toronto-based Canada Trust Financial Services group would turn Marine Midland into a bank with almost \$800m of assets - big enough to expand further.

"We are growing in the US rather than even considering getting out," he said. A stream of mergers and failures has slashed the number of banks in the US by a third over the last 10 years, but more than 8,800 separate institutions still survive. As legal barriers to mergers between banks in different states are removed, consolidation is likely to accelerate. Many foreign banks, including First Federal's parent, CT Financial, and the UK's National Westminster, have concluded that the price of staying competitive in the US is too high.

Mr Edmund Clark, president of Canada Trust, said he had weighed Marine Midland's offer against the additional investment that would have been needed to achieve market dominance. "We determined we were a seller, not a buyer, at today's prices," he said. However, Mr Cleave said that once it had digested First Federal, Marine Midland would look for more acquisitions in New York and neighbouring states. "We as a group will continue to look for opportunities to grow," he said. The merger is expected to produce cost savings equivalent to more than 40 per cent of First Federal's cost base by eliminating duplication in areas such as computer systems and closing some overlapping branches.

That should help to close the gap in profitability between the two institutions. First Federal, with profits of close to \$50m last year, has been producing a return on equity of 12-14 per cent, similar to other S&Ls but lower than Marine Midland's return of about 20 per cent. First Federal's Rochester base is 100km down the road from Marine Midland's headquarters in Buffalo. Its 79 branches will expand Marine Midland's network not only in upstate New York but also in

the area of New York City. It has been growing fast in the US mortgage market, and now has \$7.2bn of assets. First Federal is owned by CT Financial Services, parent of Canada Trust, the largest Canadian trust company. CT is in turn 98 per cent owned by Imasco of Canada, in which BAT Industries of the UK owns a 11.5 per cent stake. CT will receive a total of C\$835m (\$682.40m) including a pre-closure dividend of C\$85m, producing a pre-tax gain of about C\$320m. For BAT, the First Federal sale will result in a pre-tax profit of about £50m (\$77.5m). Lex, Page 10

Privatised carrier cuts costs by A\$486m as trading conditions remain tough

Qantas increase beats flotation forecast

By Nikki Taft in Sydney

Qantas, the Australian airline which was privatised just over a year ago and in which British Airways holds a 25 per cent stake, yesterday comfortably beat its prospectus forecast when it announced an after-tax profit of A\$246.7m (US\$196m) for the year to end June, compared with A\$180.3m in the previous year. The forecast, made when the government floated the airline in August 1995, was for A\$237m. Earnings per share were 24.2 cents, compared with last time's 18 cents.

However, the result came on revenues of A\$7.6bn, well down on the A\$7.98bn forecast at the time of the float. Official figures for market share have shown Qantas falling short of the prospectus estimates. In the 11 months to May, Qantas had 53 per cent of the domestic market, compared with the 53.8 per cent forecast for the year to June in the prospectus. More significantly, Qantas' international market share in the 12 months to April was 39.1 per cent, compared with the 41.1 per cent forecast. Yesterday, Mr Gary Pemberton, chairman, acknowledged that trading conditions had been tougher than expected. As a result - with the airline



Mying high: Gary Pemberton, Qantas chairman, yesterday outlining the airline's full-year results in Sydney

adding three aircraft and capital expenditure increasing 11.5 per cent to A\$605.5m - it had been forced to seek further expenditure cuts. "To offset the expenditure associated with this expansion, it was necessary to take an extra A\$175m in costs out of the business, bringing the total cost savings for the year to A\$468m," he said. Mr Pemberton added that the savings had come from a range of areas including improved aircraft utilisation. Qantas also managed to drive down its interest expenses to A\$103m, compared with A\$151m in the previous year

and the A\$133m forecast in the prospectus. The Qantas chairman showed his relief at the ending of the prospectus markers. "Thank God the prospectus is dead and buried - we delivered the profit," he remarked. But he warned that Qantas expected similar pressures in the current year. "Lower revenue growth and a stronger dollar are again forecast. To compensate for this revenue prediction and to deliver profit growth in line with market expectations, cost reduction targets for new initiatives in the company this year have been increased from A\$230m to A\$300m," he said. These would be in addition to any savings resulting from the company's current labour negotiations.

"While the early indications are that this is achievable, any unforeseen cost increases, other events or further softening in market conditions may impact on the eventual outcome," Mr Pemberton added. Qantas said a further decline in international market share was likely - perhaps by a couple of percentage points - although domestic share should remain fairly stable. "In parts of Asia, growth is strong but at prices which do not provide a sufficient profit margin," the group said. "Profit will continue to be more important than market share."

Mr Pemberton acknowledged this was at odds with the strategies of some Asian-based airlines, which are aggressively building capacity, but said Qantas' approach was deliberately risk-averse. "What we are signalling is that we are not going to chase that growth," he said. Yield (in terms of passenger revenue per kilometre) was 10.50 cents, little changed from the 10.66 cents recorded a year earlier.

Cheung Kong lifted by Hutchison Whampoa

By John Rickling in Hong Kong

Cheung Kong (Holdings), Mr Li Ka-shing's property and investment flagship, yesterday announced a 87 per cent increase in net profits to HK\$8.16bn (\$1.05bn) for the first half as a solid underlying performance was lifted by exceptional gains at its associate, Hutchison Whampoa. The rise exceeded analysts' expectations, though Mr Li indicated that the rate of increase would not be sustained in the second half of the year. He said the net profit had risen because the great majority of the group's projects for the year were completed and sold within the first six months. "This type of earnings growth is not expected to repeat itself," he said.

Mr Li struck a similarly measured note about the property market. Noting increased activity and healthy gains in residential property prices in the first six months, he predicted a stable market for the rest of the year. However, he forecast that it would become more active in 1997. The first-half result was achieved on turnover of HK\$9.78bn, compared with HK\$7.31bn in the first six months of 1995. Operating profits rose from HK\$1.23bn to HK\$1.44bn. Proceeds from the listing of Orange, the UK mobile telephone contractor, underpinned a sharp increase in results at Hutchison and a consequent rise, from HK\$5.72bn to HK\$7.95bn, in Cheung Kong's contributions from associates. Earnings per share climbed

from HK\$2.71 to HK\$3.59, while the dividend was raised from 30 cents to 33 cents. Industry observers pointed to a strong contribution from property development for the strong first half. "It seems they have booked all of the revenues from projects such as Kingswood Villas," said one property analyst, referring to one of several developments completed during the first half. Mr Michael Leary, property analyst at Lehman Brothers, said the results underscored the bright medium-term outlook for the group. "On a three-year view it looks very strong," he said, citing strong prospects for property development, rental contributions and the size of Cheung Kong's land bank, estimated at 19m sq ft. Hutchison Whampoa result details, Page 12

Rentokil advances 36%

By Tim Burt in London

Rentokil, the world's largest business services group, yesterday celebrated its successful takeover of BET earlier this summer by announcing a 36.6 per cent increase in first-half profits. In London, shares in the company, which paid £2.1bn (\$3.2bn) for its UK rival, rose 10p to 419p after it said pre-tax profits had increased from £99.2m to £134.5m, including a two-month contribution of £22m from BET. Sir Clive Thompson, chief executive, said the integration of the two companies was proceeding satisfactorily and predicted cost savings of £20m this year. He confirmed Rentokil would be changing its name to Rentokil Initial, using the former BET brand in areas including catering, healthcare and distribution. However, Sir Clive confounded industry expectations of a wide-ranging disposal programme by saying Rentokil had no plans to sell large parts of BET. During the bid battle, Rentokil hinted that it might sell BET's plant services arm. The company is understood to have pulled back from that proposal, but Sir Clive did not rule out the sale of smaller non-core subsidiaries. Integration costs since the takeover were put at £2.5m, mainly to settle contract obligations to departing BET executives. The company said it would

continue to fight a £9.3m severance claim from Mr John Clark, BET's former chief executive. Mr Clark, dismissed after refusing a reduced compensation offer from Rentokil, has filed a lawsuit against the company which is due to reach the High Court in October. After stripping out gains from BET businesses, Rentokil's operating profits rose from £96.5m to £115.3m. Analysts broadly welcomed the figures, but some questioned the reduction in underlying cash flow and increased working capital requirements. Earnings per share rose from 6.51p to 7.97p and the interim dividend has been increased from 1.23p to 1.48p. Lex, Page 10

ING reviews bonus scheme

By David Brown in Amsterdam and John Gapper in London

ING Group, the Dutch bank which rescued the merchant bank Barings last year, disclosed yesterday that it was trying to create a long-term incentive plan to retain high-paid investment bankers without over-rewarding them. The disclosure came as ING announced that it had bonuses in banking operations had risen 23 per cent from F1.68bn to F1.78bn (\$1.2bn) in the first half, largely due to the rescue of Barings at a cost of £660m in March last year. Pre-tax profits for the group rose 26.3 per cent from F1.7bn to F1.22bn, with the insurance division contributing a strong result. However, ING Group warned that it was unlikely to sustain such a strong rise in the second half.

Mr Aad Jacobs, chairman, said part of the rapid rise in expenses was due to bonuses in the City. "If you want to have first-class people, you have to pay high bonuses. We are trying to design these payments to create an incentive to keep people for the longer term," he said. ING said the full integration of Barings into its new ING Barings unit made it impossible to detail the contribution of the investment bank to earnings. Mr Jacob said the group was "very pleased" with its performance to date. The Barings acquisition helped commission income grow 45 per cent to F1.28bn. Of this, commissions from securities broking advanced 83 per cent to F1.378m, of which 62 percentage points were generated by Barings. The banking division's result from securities and foreign exchange trading on its own account more than doubled from F1.208m to F1.534m. The comparable figure was lower in 1995 in the aftermath of the Mexican peso crisis. On the insurance side, first-half pre-tax profit advanced 16.8 per cent from F1.995m to F1.1.6bn, due largely to higher results in the Netherlands. Full-year earnings per share, which were F1.212 in the first half against F1.174, are forecast to rise despite an increase in share capital stemming from stock dividends and the exercise of warrants.

Advertisement for Optus Administration Pty Ltd, featuring the Optus logo and details of a \$2,200,000,000 Syndicated Multi Option Facility. Lists lead arrangers, underwriters, managers, and co-managers.

COMPANIES AND FINANCE: ASIA / PACIFIC - THE AMERICAS

NEWS DIGEST

US group agrees Gruma stake buy

Archer Daniels Midland, the US agribusiness company, has agreed to acquire a 22 per cent stake in Gruma, the Mexican producer of maize flour and tortillas, for \$250m.

The tortilla, a flat maize pancake, is Mexico's staple food. Its production and consumption are heavily subsidised by the government.

Tsingtao Brewery ahead

Tsingtao Brewery, the first China enterprise to obtain a listing on the Hong Kong Stock Exchange, yesterday reported a 5.2 per cent increase in net profits, to Yn55.78m (\$6.7m).

On Monday the company said it was still in discussions with its partner, Pine Seal Development, but that no real progress had been made.

The interim results show profits growing again - earnings fell in 1994 and 1995 - but analysts say continuing uncertainty and a strong performance earlier this year could keep the bid on the share price.

WMC to sell oil and gas units

WMC, the Australian mining group, announced yesterday it was putting all its oil and gas assets up for sale - with the exception of its majority stake in the new Goldfields gas pipeline.

"To grow significantly in petroleum, we would need to commit much more capital and participate in many opportunities worldwide," said Mr Hugh Morgan, managing director.

NML confirms takeover talks

Battle Mountain Gold, the US gold mining group, is in talks with Papua New Guinea-based Nugini Mining (NML) over the possible acquisition of the outstanding 49.6 per cent of NML it does not already own.

Nevertheless, NML shares immediately jumped 16 cents - or almost 5 per cent - to A\$3.37.

Ashton Mining slips pre-tax

Ashton Mining, the diamond mining group which holds a 40.1 per cent interest in Western Australia's Argyle mine, yesterday announced a small dip in pre-tax profits in the six months to end-June, to A\$21.7m from A\$25m.

Inco stake backs Teck issue

Teck Corporation, the Canadian mining group, plans to use a newly-acquired stake in nickel producer Inco to back a C\$200m debenture issue.

Teck's share price has almost tripled since it bought the Diamond Fields stake in April 1995.

Orange float helps lift Hutchison Whampoa

By John Ridding in Hong Kong

Hutchison Whampoa, the Hong Kong conglomerate controlled by Mr Li Ka-shing, yesterday announced a 78 per cent increase in net profits for the first half of the year.

The exceptional profits came from the flotation of Orange, the UK mobile telecoms operator, which added HK\$4.1bn to results and offset a fall in operating profits

from HK\$2.7bn to HK\$3.58bn. The contribution from associated companies also fell, from HK\$2.76bn to HK\$2.2bn.

Mr Li described the interim figures as satisfactory, noting they had been achieved in a highly competitive environment.

The group is in a strong, liquid, financial position and, with the flotation of Orange and the replenishment of its land bank, it is well positioned in all of its core businesses to build and further enhance its recurrent earnings.

ny's cautious note on the telecoms sector.

Hutchison described the Hong Kong telecoms market as highly competitive and rapidly changing.

Retailing has also seen a harsh environment, as Hong Kong consumers emerge cautiously from a downturn in spending.

outlets, lifted profits during the first six months.

The group's ports operations, which extend from Hong Kong's Kwai Chung terminals to Felixstowe in the UK, saw satisfactory growth in volumes and have continued to expand.

Mr Li listed several property projects under way, including the redevelopment

of the Hong Kong Hilton site into an office tower and car park, which is due for completion in 1999.

Hutchison's property projects in China were at various stages of construction.

The first-half result was struck on turnover of HK\$18.02bn, compared with HK\$16.88bn.

Growth in sales drives profit surge at Canon

By Michio Nakamoto in Tokyo

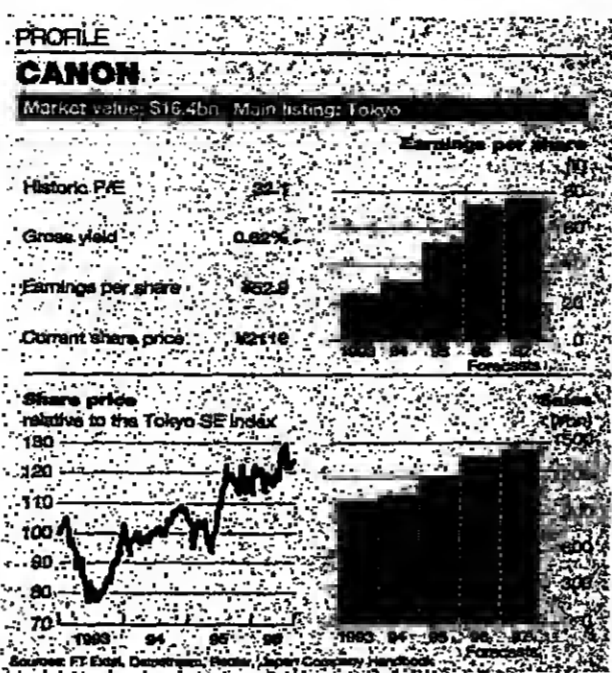
Canon, the camera and office equipment maker, yesterday reported a more than two-fold surge in profits for the first half of the year, supported by firm demand for semiconductor chips and computer-related products, and the weaker yen.

Recurring profit - before extraordinary items and tax - for the parent company rose to Y63.7bn (\$592.2m) from Y29.8bn last time, as sales of steppers - a complex piece of machinery used in the manufacture of semiconductors - printers for computers and new cameras grew in Japan and overseas.

Sales in the first half climbed 18 per cent to Y688.6bn from Y568.4bn, while net profits soared 79 per cent to Y30.9bn from Y17.2bn.

Canon has already revised upwards its forecast for the full year on the back of the strong performance and expectations that the favourable exchange rate will continue.

The Japanese company, which started out as a camera maker, has since successfully diversified into office equipment such as copiers and fax machines, as well as semiconductor production equipment and computer peripherals.



It holds the basic technologies for the laser beam and inkjet printers, both of which sold well during this period on the back of buoyant computer sales, particularly in Japan.

The strongest growth, however, came in optical products, where sales of steppers were particularly strong.

A sharp fall in memory chip prices this year has forced semiconductor companies to delay their plans, putting a slight damper on Canon's stepper sales.

IBM, Itocbu, Netscape Communications, Oracle, TCI Technology Ventures and US West Media Group have invested at least \$4m each.

The Java language has been promoted heavily by Sun as a way to create software programs that are easily distributed over computer networks such as the Internet.

Mr Deveshwar said that in the first four months (April to July) of the current year ITC's tobacco business grew by 22 per cent and the trading results for the period were the best in the company's history.

However, shareholders are also concerned about the slow progress made in restructuring ITC businesses such as paper, edible oil and financial services.

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News Corp shares slip on weaker earnings

By Nikl Tait in Sydney

Shares in News Corporation, the international media and entertainment group run by Mr Rupert Murdoch, fell 7 cents to A\$6.40 yesterday, after higher paper prices and abnormal charges led to a 25.3 per cent fall in after-tax profits.

Discussions are at an early stage, and it is unclear whether the sale will consist of old shares, new shares, or a mixture of both.

Analysts reckon the company will be valued at around US\$570m, and will look to raise around HK\$1bn (US\$129.3m) by selling some 25 per cent.

Analysts say market demand will be light if the sale simply becomes a matter of existing shareholders selling out.

"Globally, there are few places where they are trying to pack as many people on as Hong Kong, and the means by which SmarTone and [mobile market leader] Hongkong Telecom are trying to increase capacity is largely untried because no-one has had to push the limits the way they have to."

Book publishing contributed only A\$90m, compared with A\$132m previously.

The MTRs are expected to account for an estimated 25 per cent of Telkom's revenues in 1996.

The consortium has agreed to pay Telkom an annual MTR of Rp1,885bn (\$95.3m), 4.4 per cent less than the Rp1,459bn flagged in Telkom's prospectus before its initial public offering in October.

Analysts say that figure is expected to appreciate annually by between 3 and 4 per cent.

For 1996, however, the figure is slightly lower - Rp1,381bn compared with Telkom's earlier estimate of Rp1,215bn - to reflect the late start-up date of the consortium licensed to

Shareholders consider sale of SmarTone

By Louise Lucas in Hong Kong

Shareholders in SmarTone Mobile Communications, the smallest of Hong Kong's four mobile phone operators, are considering a flotation of the company, according to Sun Hung Kai Properties, which holds a 40 per cent stake.

Discussions are at an early stage, and it is unclear whether the sale will consist of old shares, new shares, or a mixture of both.

Analysts reckon the company will be valued at around US\$570m, and will look to raise around HK\$1bn (US\$129.3m) by selling some 25 per cent.

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Java fund draws 10 groups

By Tom Foremski in San Francisco

Ten computer and communications companies have joined with Silicon Valley-based venture capitalists to create a \$100m fund to invest in companies developing Internet-related products using the Java computer language from Sun Microsystems.

The venture capital firm, Kleiner Perkins Caufield & Byers (KPCB) is the largest investor in the Java fund, followed by Sun Microsystems, Cisco Systems, Comcast, Compaq Computer,

yet, there are few commercial Java applications, and no "killer applications" that will attract millions of users.

With California's Silicon Valley awash with venture capital funds investing in any promising Internet company, the Java fund will have to compete for companies with the best Java-related product ideas.

"There is a lot of money out there but we have not seen anything like this Java phenomenon and we'd like to make sure it is well funded," said Mr Eric Schmidt, chief technology officer of Sun.

ITC chief defends himself

By Kunal Bose in Calcutta

The chairman of ITC, India's largest tobacco group, in which BAT of the UK is the largest single shareholder, attempted yesterday to calm shareholders' fears over the company's future.

The 5,000 ITC shareholders who attended yesterday's annual general meeting are concerned that this chairman, Mr Yogesh Chander Deveshwar, does not appear to have the confidence of BAT, which has a nearly 32 per cent stake in ITC.

Mr Deveshwar said that in the first four months (April to July) of the current year ITC's tobacco business grew by 22 per cent and the trading results for the period were the best in the company's history.

However, shareholders are also concerned about the slow progress made in restructuring ITC businesses such as paper, edible oil and financial services.

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DEERKRAAL GOLD MINING COMPANY LIMITED. Further cautionary announcement. Further to the cautionary announcement made on 13 March 1996, the company is able to report that consideration is being given to a first proposal on the possibility of some form of agreement with Eldorado Gold Mining Company Limited.

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER. CHANGE OF UK BEARER RECEPTION OFFICE. Holders of share warrants to bearer of the companies listed below are advised that with effect from the dates indicated the United Kingdom bearer reception office to which, inter alia, coupons should be submitted for payment etc. will change to:

NOTICE OF MERGER to holders of 6% Exchangeable Senior Subordinated Debentures Due 2005 of FMC CORPORATION. NOTICE IS HEREBY GIVEN, pursuant to the terms of the 6% Exchangeable Senior Subordinated Debentures Due 2005 of FMC Corporation (the "Debentures"), that, on July 31, 1996, each issued and outstanding share of common stock of FMC Gold Company was converted by merger (the "Merger") into the stock of Meridian Gold Inc., a Canadian corporation, and US\$0.02 (collectively, the "Merger Consideration").

صكنا من الامل

سكنا من الاجل

COMPANIES AND FINANCE: EUROPE

NEWS DIGEST

Deutsche Bank takes long view

Mr Hilmar Kopper, chairman of Deutsche Bank, said yesterday it had no plans to increase its 5.21 per cent stake in rival Bayerische Vereinsbank...

Hungarian hotel chain sale

APV, Hungary's privatisation agency, said yesterday it had awarded the country's last important state-owned hotel chain to Danubius Hotels...

Codelouf cuts Montedison stake

Codelouf, a Gibraltar-based holding company, has sharply reduced its 4 per cent stake in Montedison, the Italian agribusiness, chemicals and energy group...

DFDS at half-year record

Increasing passenger numbers have helped Danish freight and ferry company DFDS to record a record year result...

Lego plans third theme park

Lego, known world-wide for its brightly-coloured plastic building blocks, has given approval for its third family leisure park in Carlsbad, southern California...

Krupp

Yesterday's report on Krupp's interim results stated that the US group Caterpillar will be in the final stages of acquiring Orenstein & Koppel...

Norske Skog bucks trend but warns

Europe suggested the rise was partly attributable to inventory building, rather than real consumption growth. Group sales advanced from Nkr5.9bn to Nkr6.7bn...

will reach equilibrium," he said. Some analysts predict price falls of up to 15 per cent once current negotiations are concluded...

Acquisitions and currencies benefit BASF

BASF, the German chemical group, yesterday reported a 3.5 per cent increase in underlying profits in the first half as a result of currency gains and acquisitions...



Jürgen Strobe: BASF performance "gratifyingly stable"

fibres businesses fell by 13 per cent. Mr Jürgen Stube, chairman, said this represented a "gratifyingly stable" performance...

Den Danske Bank flat but expects rise for year

Den Danske Bank reported pre-tax profits nearly 4 per cent lower at Dkr2.35bn (\$410m) for the first six months of the year. However, group earnings, including contributions from its Danske life insurance subsidiary...

Lower steel prices hit Avesta and SSAB

Group sales also fell by 25 per cent from SKr6.1bn to SKr4.6bn as demand held up but prices fell sharply. SSAB, which posted record profits in 1995, suffered a 35 per cent reverse in pre-tax earnings...

to close at SKr66. SSAB, privatised in 1992, said it was responding to what it called "the decline in the steel economy" by deepening its investment in its two main niche products...

Skanska downbeat despite advance

Skanska, Sweden's biggest construction group, shrugged off continued weakness in the European and domestic building market to post a 57.6 per cent increase in first-half profits. Pre-tax profits increased from SKr1.5bn to SKr2.4bn...

Swedbank sharply ahead at halfway

Swedbank yesterday reported a 46 per cent increase in profits in the first half, the third of Sweden's four top banks to report a strong improvement in performance in the period despite tough competition within the sector. Swedbank, known as Sparbanken in its home market...

Notice to holders of The Lebanese Republic US\$200,000,000 8.25% Bonds due 2000

Strong krona sees Aga profits fall by 14%

Adversary currency swings were responsible for half the 18 per cent fall in operating income from SKr1bn to SKr820m, Aga said. Other negative influences were soft demand in key markets and a substantial devaluation in Venezuela...

NOTICE TO THE HOLDERS OF KTAS Kjøbenhavns Telefon Aktieselskab

Midland Bank plc Subordinated Floating Rate Note 2001

APPOINTMENTS ADVERTISING appears in the UK edition every Wednesday & Thursday

COMPANIES AND FINANCE: UK

Bass set for Carlsberg-Tetley deal

By Christopher Price

Bass was night close to agreeing to pay £200m (\$312m) for Allied Domecq's share of Carlsberg-Tetley, the joint venture owned by Allied and Carlsberg, the Danish drinks group.

escape clause from the deal should the UK government make what the company sees as unsatisfactory demands on it - such as the disposal of pubs - as a result of the merger.

the UK beer market, with about 23 per cent 15 per cent respectively. A straight merger would make Bass the UK's biggest brewer, outstripping the 32 per cent market share held by Scottish & Newcastle following its purchase of Courage.

At Bass is unhappy with any conditions imposed by the DTI, Carlsberg would buy Allied Domecq's share of Carlsberg-Tetley for £110m, while Allied Domecq would repay Bass £30m. Bass would also be entitled to 50 per cent of Carlsberg-Tetley profits from the date of the deal to when any OFT's requirements are announced.

from lucrative supply agreements with Allied Domecq's pubs. The contracts were struck at a time when the beer industry was not so beset by overcapacity. Analysts believe Carlsberg-Tetley would barely be profitable should the contracts be struck at today's more competitive prices.

LLOYDS TSB GROUP plc
Notice to the holders of the £100,000,000 12 per cent Subordinated Bonds 2011 of Lloyds TSB Group plc

NOTICE OF RESULT OF MEETING OF BONDHOLDERS

Notice is hereby given that:-

(i) at the meeting of the holders of the £100,000,000 10% per cent Subordinated Loan Stock 2008 of Lloyds TSB Group plc (the "Issuer") convened by the Issuer and held on Thursday, 15 August 1996, both of the resolutions proposed as Extraordinary Resolutions were voted upon but not passed by the required majority of the holders of such Stock;

(ii) at the meeting of the holders of the above Bonds (the "Bondholders") convened by the Issuer and held on Thursday, 15 August 1996, neither the preferred Extraordinary Resolution nor the alternative Extraordinary Resolution set out in the Notice to Bondholders published in the Financial Times on 24 July 1996 was put to such meeting as neither Extraordinary Resolution was capable of becoming effective; and

(iii) accordingly, the proposals relating to the above Bonds contained in the Explanatory Letter dated 23 July 1996 addressed by the Issuer to (inter alia) the Bondholders are incapable of being implemented and have lapsed.

Bondholders are reminded that this means that the Additional Payment (as such term is defined in the Explanatory Letter referred to above) of £1.00 per £1,000 principal amount of Bonds will not be payable.

Dated: 23 August 1996

Issued by: Lloyds TSB Group plc
Registered office: Henry Duncan House, 120 George Street, Edinburgh EH2 4LH

H&C sells last palm oil interest

By Justin Marozzi

Harrisons & Crosfield yesterday announced its departure from the tropical plantation industry with the disposal of its remaining stake in New Britain Palm Oil.

The \$66.5m cash sale of Harrisons' 54 per cent holding in the Papua New Guinea government leaves the conglomerate focused on its industrial businesses.

In 1995, plantations represented 4 per cent of group turnover.

The tropical plantation industry was the mainstay of Harrisons & Crosfield's prosperity for almost 90 years.

NBPO, set up in West Britain province in 1967, comprises about 15,000 hectares of palm oil plantations and there is also a small coffee estate.

It produces more than 125,000 tonnes of crude palm oil annually. Mr Bill Turcan, chief executive, said the sale proceeds would be placed on deposit or used to reduce debt.

On the basis of the sale being completed in October, there would be no material impact on earnings this year.

The shares advanced 3p to close at 129p.

Weir points to DML for decline to £19m

By Tim Burt

Weir Group, the engineering manufacturer and services company, yesterday blamed a 4.8 per cent fall in first-half profits on disappointing contributions from its materials handling operations and Devonport Dockyard joint venture.

The company said its share of profits from DML, which runs the Plymouth yard, had fallen by £2m following disruption caused by safety modifications at the submarine docks. Weir did not publish its profits from DML, but industry analysts

suggested that they were at about break-even.

The decline, exacerbated by delays to payments on Ministry of Defence contracts, contributed to reduced pre-tax profits of £19.2m (\$30m) in the six months to June 28. Last time they were £20.2m.

The results, on sales of £314m (\$298.4m), were also hampered by a weak performance at the loss-making Strachan & Renshaw materials handling business.

Sir Ron Garrick, chief executive, said the deficit at the subsidiary had increased by £1.5m following costs

incurred on site services for gas-fired power stations.

"We've withdrawn from that business and are now rebuilding profits," he said.

Group operating profits were unchanged at £18.3m, while profits from associates were £1.95m (\$2.65m).

Although the group did not break out its divisional figures, it said its pump companies had shown a modest improvement in both turnover and profit margins.

Bolt-on acquisitions, meanwhile, helped lift profits and sales in the valve-manufacturing operations.

Sir Ron hinted at further



Ron Garrick: rebuilding profits at Strachan

acquisitions in this area and suggested that Weir could invest up to \$55m without straining its balance sheet.

ITT Sheraton out of Forte bids

By Seheharzade Dameshidi

ITT Sheraton, the international hotel chain, has ruled itself out of the auction of 17 Exhilarate Forte hotels by Granada Group, the TV and leisure concern.

The company, which had initially expressed an interest, said yesterday it had not made any bids.

The chain was valued at \$300m (\$1.45bn) by Christie, the property surveyors, at the end of last year.

Prospective purchasers were required to submit a bid to qualify for financial information and take part in the auction.

It is believed that ITT was put off by the blind bid element.

Mr Charles Allen, chief

executive of Granada, which acquired Forte, the UK's largest hotels company, in January after a £3.9bn hostile bid, said yesterday:

"There is big interest in individual hotels, in groups of hotels and in the whole portfolio."

One analyst said that Granada had received some good offers for individual hotels, although others had

attracted less interest.

"Granada's dilemma will be whether to opt for higher prices for some hotels or to sell the whole lot but probably for not very much more than \$500m."

Some bidders - about 40 are still in the race - have their sights on Forte's 68 per cent holding in the Savoy group, which Granada is also trying to sell.

RESULTS

Table with columns: Company, Turnover (£m), Pre-tax profit (£m), EPS (p), Current dividend (p), Date of payment, Dividends corresponding dividend, Total for year, Total last year.

The Financial Times plans to publish a Survey on Mexico on Monday, September 23. The survey will look at the country's economy, politics, financial markets, foreign policy and more.

Fed up with fishing for business information? FT Discovery. The instant way to hook the information you need. Do you waste time searching for the right information? There is a solution - FT Discovery.

OMRON CORPORATION. Advice has been received from Japan that payment of a Cash Dividend of the OMR per share has been made for the six months period ending 31st March 1996.

NATIONAL POWER PLC £250,000,000 6 1/2 per cent Convertible Subordinated Bonds due 2008. REQUIRED REDEMPTION NOTICE. National Power PLC (the "Issuer") hereby gives notice to holders of the Bonds (the "Bondholders") in bearer form.

سكنا من الامل

Richard Donkin on the search for fulfilment in the workplace

A good working example

There was a time when a job was assessed by a potential employee for its prospects. It was considered the medium through which we might fulfil our life's ambition. That may still be the case for some people but there is a new body of evidence that suggests otherwise: that the job is considered by many as primarily a means of obtaining income and not much more than that. Work is undertaken out of necessity.

This rather depressing picture of attitudes to work is one of the more disturbing conclusions of a report called Working Lives in the 1990s which examined the views of 1,000 UK people between October 1994 and February 1995. The research was collated by Alan Hudson, Dennis Hayes and Toby Andrew of Global Futures, a research institute established to study the impact of demographic and economic change on people's attitudes to work. At first glance the findings do not appear to be too surprising, given the transformations that are being effected by the introduc-

tion of business approaches such as total quality management. Trade unions, it found, have become marginal to workplace life, even though most working people have become resigned to an insecure future. Less than half of those surveyed were members of a union and among the under 25s the proportion of union membership was down to a quarter.

Rather than look to their union representative as a solution to workplace problems, people were three times more likely to approach their managers. Employees have become more responsible in the workplace, accepting the need to cover for absent colleagues without complaint. The so-called "empowered" workplace appears to have become a reality. Two-thirds of those questioned said they were increasingly involved in decision-making while 85 per cent said they felt personally responsible all the time for the work they do. What is perhaps most dispiriting about the study's findings, however, is the feeling of help-

lessness among many people in their work environment. In spite of their more co-operative behaviour they are finding it more difficult to see the road to personal fulfilment in their existing jobs. The authors say: "Quite often we encountered a sullen and inward-looking pragmatism, and perhaps cynicism, even about mere survival. At the same time there was also a sense of possibility and adventure that contradicted the spirit of low expectations."

In other words people are just as ambitious as they ever were, but cannot find a way of fulfilling their aims at work. Perhaps, then, people are turning to other outlets, such as leisure and spare-time pursuits in which to invest their greatest endeavours and creativity. Certainly the study found an overwhelming preoccupation with training and education. This may explain the rise in the popularity of the working or learning holidays.

Last week I found myself with a group of people carrying out

environmental research in Madagascar. The project was partly looking at lemur conservation in north-west Madagascar and partly examining the potential of tourism for the local economy.

The people in the group had invested their annual holiday savings in the project, run by Earthwatch, a charity dedicated to supporting various scientific studies worldwide. They studied the behaviours and patterns of different groups of black lemurs and they interviewed tourists about their spending habits and holidays.

Not only was the group's multicultural make-up a stimulating experience, each one of the party said they had learned things that they could apply in their future studies or jobs. Many, it seemed clear, were finding inspiration from the study that they did not always find in their normal working lives. If the findings of the Global Futures Report reflect an accu-

Salaries bonuses and car allowances in City of London finance

| Position | Base salary | | | Average salary | | Car provision/allowance | | |
|--------------------------|----------------|---------|----------------|----------------|-------|-------------------------|------------------|-------|
| | Lower quartile | Median | Upper quartile | Salary | Bonus | With car | Annual allowance | |
| | £ | £ | £ | £ | % | Value | £ | |
| Corporate finance head | 106,500 | 120,000 | 160,500 | 130,762 | 65.4 | 100 | 24,339 | 6,422 |
| Capital markets head | 132,500 | 147,500 | 181,250 | 153,333 | 51.5 | 100 | 22,000 | 9,210 |
| Bond sales head | 80,000 | 108,250 | 148,250 | 103,538 | 83.0 | 70 | 18,618 | 7,483 |
| Fund management director | 102,750 | 125,000 | 148,250 | 125,846 | 31.3 | 100 | 24,000 | 8,465 |
| Future & options head | 82,510 | 100,000 | 155,000 | 115,644 | 91.2 | 100 | 19,918 | 7,732 |
| Swabond trading head | 83,750 | 125,000 | 148,000 | 122,363 | 39.4 | 75 | 20,075 | 7,722 |
| Equity trading head | 88,000 | 120,000 | 135,000 | 119,333 | 62.4 | 87 | 12 | 8,300 |
| Private banking head | 72,500 | 100,000 | 110,000 | 97,209 | 37.1 | 67 | 16,669 | 7,428 |
| Head of research | 78,375 | 98,000 | 142,000 | 106,695 | 69.0 | 100 | 23,792 | 7,258 |
| Financial director | 70,000 | 82,000 | 92,000 | 95,463 | 42.2 | 87 | 24,219 | 6,048 |
| Chief FX dealer | 67,750 | 80,500 | 117,250 | 94,369 | 17.7 | 81 | 19,900 | 6,809 |
| Legal services head | 66,000 | 72,800 | 80,750 | 76,643 | 31.5 | 94 | 21,201 | 6,759 |
| Personnel director | 74,250 | 80,800 | 91,500 | 82,103 | 59.4 | 100 | 26,300 | 7,750 |
| Money market head | 57,500 | 70,000 | 80,000 | 71,530 | 37.1 | 89 | 18,835 | 5,964 |
| DP director | 57,000 | 69,000 | 75,000 | 67,910 | 33.0 | 100 | 20,198 | 6,997 |
| Credit manager | 38,500 | 44,500 | 49,500 | 44,769 | 8.7 | 69 | 19,069 | 5,487 |
| Customer services head | 27,500 | 29,000 | 33,500 | 31,370 | 8.2 | 43 | 15,867 | 5,408 |

rate picture of workplace attitudes today (they present an important challenge for employers. How is it that a charity can attract people to invest their vacations and substantial fees in a working programme abroad, when most people go to their everyday jobs, chiefly to collect the salary cheque at the end of the month? If employers could harness only a fraction of that enthusiasm and commitment they could reap much greater benefits from

their employees in innovation. To do so they must give people back their job prospects, restore their ambitions. But in how many workplaces today can we find such an agenda? Monks Partnership, which has just published quarterly data on City salaries (see table), says it has noticed increasing bonus payments to traders and sales people in bonds and staff in foreign exchange trading, money market trading and corporate finance.

Monks Partnership, The Mill House, Wendens Ambo, Saffron Walden, Essex CB11 4JX. Tel 01799 542222 Fax 01799 541805 E270

Working Lives in the 1990s: The Professional Findings of the Attitudes to Work Survey. Alan Hudson, Dennis Hayes and Toby Andrew. Global Futures, 1 Wylingham Mansions, Shackwell Lane, London N16 7TP. £15.99 for institutions, £9.99 for individuals.

CJA RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 0171-568 3588 or 0171-580 3576
Fax No. 0171-256 8501

Opportunity to join a growing German bank.

CREDIT ANALYSTS
CITY UP TO £35,000 + BONUS
MAJOR GERMAN BANK

Our client is again expanding its Corporate Risk Management team. The Credit Analysts work closely with the Corporate Bankers and are responsible for both company and transaction analysis for major British and international corporates within specific sectors. We invite applications from candidates with credit training from a leading bank and a minimum of two years' experience of analysing large companies with complex consolidated accounts and exposure to structured or project finance transactions. There will be the opportunity to add value to the structuring of complex deals and the constant intellectual challenge of building expertise in new sectors. There is scope for excellent long term career progression. Initial remuneration is negotiable up to £35,000 + bonus and good bank benefits package.

Applications in strict confidence, quoting reference CA5691/FT, to the Managing Director, CJA.

INVESTOR RELATIONS MANAGER
A PIVOTAL ROLE IN A NEW PLC AND ONE OF BRITAIN'S FASTEST GROWING COMPANIES
£35K PACKAGE WEST YORKSHIRE

The advent of satellite and cable tv marks only the beginning of a new era in broadcasting. Soon, the introduction of digital technology in the UK will signal the arrival of hundreds of new channels. An exciting future awaits the industry.

Right at the heart of this revolution is Pace Micro Technology, which designs, develops and manufactures digital and analogue decoders and receivers required to receive transmissions via satellite and cable equipment.

A British success story, with 80% of equipment exported, Pace secured a full listing on the London Stock Exchange in June and is now seeking to strengthen its links with the City.

Reporting directly to one of the Joint Chief Executives and working closely with the Directors, your role will be to develop and deliver a planned communications strategy and to deal with day-to-day issues which may impact on the company's share performance. Managing external financial public relations consultants, you will have the key task of transmitting the current success and outstanding future of the business to analysts, financial journalists and other influential audiences.

A seasoned PR professional with strong links in the financial sector, your background will probably be in the Investor Relations department of a large, blue-chip business. You will be creative, pro-active and sensitive to the issues your audience considers to be important, and you will have the influence to sell your ideas to them.

You will be joining a young, ambitious company with outstanding prospects for your own future, in an attractive part of the country. Relocation assistance is available.

Please send a CV to Ian Gray or Keith Miller, Howgate Sable & Partners, Lawns House, Lawns Lane, Leeds LS12 5EY. Tel: 0113-279 9000, Fax: 0113-279 9999, quoting ref: FT261.X. Visit our web site at <http://www.topjobs.co.uk>

PACE **Howgate Sable & Partners**
EXECUTIVE SEARCH AND SELECTION
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One of the leading banking firms in Bahrain with diversified banking activities is seeking to recruit an innovative

PROCESS RE-ENGINEERING AND QUALITY IMPROVEMENT SPECIALIST

to contribute to further development of the Bank. This post is very high in the organisation's hierarchy and reports directly to the Chief Executive Officer. The objectives of the position are continuous customer service improvement and cost reduction through workflow and process re-engineering, productivity improvement through optimum utilization of the bank's human and technological resources and introduction of TQM.

Principal Responsibilities:

- Build awareness of the need and opportunity for improvement.
- Set goals for improvement.
- Organize to reach the goals (establish a quality council, identify problems, select projects, appoint teams, designate facilitators).
- Provide training.
- Carry out projects to solve problems.
- Report progress and recommend recognition.
- Communicate results.
- Maintain momentum by making annual improvement part of the regular systems and processes of the bank.

Candidate should be 35-45 years old, holding BA/MBA with at least 5 years experience in this field, preferably with a major bank. The bank offers an excellent tax free compensation package with the usual expatriate benefits.

Please forward your application to:
The Chief Executive Officer
Po Box 13416
Bahrain.

Corporate Advisory Opportunity

- Perth and Sydney Australia, and Denver, USA positions
- Industry or merchant banking background
- Resources focus

Our client has an enviable track record of success and growth in the merchant banking sector focusing on natural resources. Several opportunities exist for corporate finance analysts and associates.

Our client requires high achievers with backgrounds in resources / earth sciences, merchant banking or related industries.

In strict confidence, please call Cynthia Hammond at +1-301-531-8500, for further information, or forward your resume to STM Associates, 230 S. 500 E. #500, Salt Lake City, Utah 84102 USA. Fax: +1-301-531-8032.

Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday. For further information please call:

Andrew Skarzynski
+44 0171 873 4054
Toby Finden-Crofts
+44 0171 873 3456

SYSTEM TRADERS
sought by
SPECIALIST FUND MANAGER

One of Europe's leading companies in the field of leveraged fund management is seeking to recruit additional quantitative expertise. The company requires individuals who have constructed an innovative, systematic investment approach which has demonstrable success when applied to trading liquid financial markets.

Candidates must demonstrate superior mathematical and analytical ability, an open mentality and a willingness to participate in a team environment. Previous fund management experience and/or a live track record are considered advantageous, but not essential. Preference will be shown to applicants who have built an investment model which is not, or not exclusively, trend-following in character.

In return the company will provide seed capital for trading purposes and a remuneration structure based on salary and a performance-related bonus.

Please write, enclosing a CV and analytical description of your investment system, to:

PO Box 984,
London EC4R 2TL

INVESTMENT MANAGER

An investment Company in Doha - Qatar - Arabian Gulf is looking for a manager to perform the following tasks:

- TRAIN DEALERS AND IMPROVE THEIR PERFORMANCE
- PROVIDE ADVICE TO CLIENTS
- BE RESPONSIBLE FOR ALL FINANCIAL MATTERS OF THE COMPANY
- DEVELOP ALL ASPECTS OF THE INVESTMENT BUSINESS

This candidate should have 10 years experience in an investment firm, possesses leadership qualities and a solid background in financial control. Knowledge of Arabic Language is an asset but not a prerequisite. Excellent salary package is offered to the successful candidate.

Interested, Fax me in the strictest confidence sending full CV to:

GROUP INVESTMENT
Personnel Manager
Tel 00974 - 444 444 Fax 00974 - 445 474

STANDARD BANK RESOURCE BANKING

The Standard Bank is a leading South African banking group with a strong presence in Africa.

Resource Banking comprises units within Standard Bank's merchant banking operations in Johannesburg, London, New York and Hong Kong with a particular focus on precious and base metals. Resource Banking wishes to build on its successful track record and further develop its capabilities in Africa and other emerging markets.

Standard Bank is therefore seeking to make senior appointments in:

- base and precious metals trading;
- structured products;
- mining finance; and
- mining corporate finance

This is an opportunity for experienced persons with proven track records to join a dynamic and growing Resource Banking team in the above centres.

Interested parties should reply in confidence to:

Head of Resource Banking
Standard Bank London
25 Dowgate Hill
Cannon Bridge House
LONDON EC4R 2SB
Fax No: 0171 815 3097

Standard Bank

Marketing Assistant £Attractive

Global Fund Management firm seeks hardworking marketing assistant to work in a sales support capacity for the Head of Global Institutional Marketing in London. Ideal candidate will have degree with quantitative orientation and experience in financial markets and sales. Good oral and written communication. Foreign language and international background an asset. Computer literate in windows applications.

Please send or fax your CV to:

Mrs Jennie Lewis, Tital Capital Management Limited,
10 Adam Street, London WC2N 6AA. Fax: 0171 379 1492

EMERGING MARKETS CENTRAL & EASTERN EUROPE

Key roles in Sales, Trading and Research

City

Our client is one of the world's most successful and highly regarded international banks with an outstanding reputation in the Emerging Markets of Central and Eastern Europe.

Due to impressive growth in this sector, they are now looking for high-calibre, multi-talented individuals to strengthen their London-based team. Dealing in a wide variety of financial products, you will play a key role in enhancing either sales, trading or research strategies by building strong relationships with counter-parties and providing expert local-market analysis.

Educated to degree level and fluent in at least one Eastern European language, you must

have an extensive knowledge of these markets backed by at least 2-3 years' sales, trading or research experience gained within the region. In addition, you will need a thorough understanding of a wide range of products including Fixed Income, Equities, Foreign Exchange and Money Markets.

To apply, please send full career details, quoting ref: 511, stating the area which interests you, to Alastair Lyon, Confidential Response Handling Service, Associates in Advertising, 5 St John's Lane, London EC1M 4BH.

Applications will only be sent to this client but please indicate any company to which your details should not be sent.

ASSOCIATES IN ADVERTISING

Management Consulting

FINANCIAL INSTITUTIONS ACCOUNTANTS

(Reference Code: FIA)
If you have a CPA, have successfully developed and implemented general ledgers, accounting policies and procedures, have automated accounting systems in a financial institutions environment and have familiarity with GOSPLAN and International Accounting Standards.

FINANCIAL INSTITUTIONS OPERATIONS SPECIALISTS

(Reference Code: FIOS)
If you have defined, developed and implemented operating policies and procedures, have re-engineered transaction processes and have trained staff in a financial institution environment.

Barents Group, LLC, a wholly owned subsidiary of KPMG Peat Marwick, has opportunities for professionals with financial institutions accounting and operations skills for short-term and long-term assignments in Central Europe and the former Soviet Union. Candidates should have a minimum of 10 years of related experience. Experience in international environments and appropriate foreign language skills are desirable.

Barents Group, LLC is a leading international management consulting firm specialising in implementing and managing change in highly variable environments.

Barents Group, LLC offers exciting opportunities in the international marketplace and provides attractive compensation packages commensurate with experience.

Barents Group, LLC is accepting resumes which will be held on a confidential basis. Send resume, including appropriate Reference Code, to: Human Resources Dept. FIA/IO, Barents Group, LLC, 2001 M Street NW, Washington, DC 20036 or fax to: (202) 296-6232.

BARENTS
GROUP - LLC

INTER-DEALER BOND BROKERS REQUIRED

Please send Curriculum Vitae to:
Box A5648, Financial Times,
One Southwark Bridge,
London SE1 9HL

MANAGEMENT CONSULTANTS

We require one or two well-qualified individuals 30-38 who want to be trained to become directors of a small successful consultancy specialising in market-based strategy for service and financial sector businesses. The career path will reward those with the right aptitude with the job satisfaction and financial gain they deserve.

Please fax details to:
Lawrence Summers Limited
(0171) 251 5414

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Expanding London broker with US & Cdn product seeks proven sales persons to cover UK and Continent. Generous package. Partnership potential.

Reply in confidence to:
Box A5665, Financial Times,
One Southwark Bridge,
London SE1 9HL

MANAGER DESIGNATE

I require two well educated individuals (25-30) who want to be trained to fill management positions within a successful and expanding private company. The career path will reward those who accept responsibility with the job satisfaction and financial gain they deserve. Call:
GRAHAM JOHNSON
0171 240 3310

APPOINTMENTS WANTED

FORMER BANK DIRECTOR

with extensive knowledge of on and off exchange derivatives, sales management, recruitment, risk management and operational control seeks a non executive directorship with a company wishing to add or strengthen these areas of expertise to their board.

Please reply to Box A5664
Financial Times
One Southwark Bridge
London SE1 9HL

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The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone:

Toby Finden-Crofts
on +44 171 873 3456

FIXED INCOME INVESTMENT MANAGER

A major US player in investment management is seeking a Fixed Income Investment Manager to supplement a team based in London.

The post demands at least 10 years relevant experience in structuring and originating private placement investments. Experience both as a placement agent and as an investment principal would be very useful. We are looking for strong analytic and interpersonal skills; and the ability to structure, negotiate, document, and close complex transactions. Excellent written and verbal communication skills would be essential. An MBA degree from a major university is required.

The successful applicant would be given oversight of a portfolio of fixed income securities issued by European companies, and will help develop new investment opportunities in the UK and Europe. He would interact with bond dealers, investment bankers, and senior management of issuing companies. He would supervise a team of investment analysts and present investment proposals to our management. A competitive package of salary and benefits is offered.

If you can prove to us that your experience, professional standing, and financial and interpersonal skills match our exacting standards, and are willing to start immediately, send your current CV and a hand written covering letter to:

Box A5667, Financial Times,
One Southwark Bridge, London SE1 9HL

Quantitative Analyst

£ Competitive salary + Benefits + Bonus

THE COMPANY

Foreign & Colonial is one of the UK's leading independent investment managers, and currently manages over £25 billion on behalf of institutions and individual investors based both in the UK and overseas.

THE JOB PROFILE

We now seek to recruit a quantitative analyst to join our expanding fixed interest team - based at our offices at the Broadgate Centre in the heart of the City.

The job involves quantitative research in fixed interest markets, assisting in the development of analytical tools and products, and implementation of risk control techniques. There are excellent career opportunities.

THE CANDIDATE

The candidate must have a good degree and/or MBA, preferably with some financial sector experience. He or she must have strong economic/analytical abilities and be computer literate.

Excellent communication skills are essential including complete fluency (verbal and written) in German. As well as impressive academic qualities, the successful candidate will need to fit into a team where hard work, enthusiasm and dedication are common traits.

CANDIDATES SHOULD SEND THEIR CVs TO:

Colin Cowie, Personnel Manager, Foreign & Colonial Management Limited, Exchange House, Primrose Street, London EC2A 2NY.

Foreign & Colonial

PENSION FUND MARKETING - HOLLAND

Major US group seeks a likely Dutch individual with c3 yrs experience of marketing to pension funds. Knowledge of Dutch market useful but can expect to inherit a large contact list. Location London. Flexible on remuneration.

Enquiries to **Edwin Lawrie at Old Broad Street Bureau,**
65 London Wall, London EC2M 5TU
Tel: 0171-588-3991 Fax: 0171 588 9012

PHARE PROGRAMME

ACCORD GROUP
CIFUENTES & PARTNERS

INDUSTRIAL LEADERS FOR PRIVATISATION

ROMANIA

Sponsored by the European Union, the Phare programme facilitates reconstruction in Central and Eastern Europe. As part of this initiative, it seeks outstanding individuals whose task will be to facilitate the privatisation of the country's major industrial enterprises.

Working with local general management, responsibility is to the Romanian State Ownership Fund for providing management talent and commercial acumen.

The requirement is for a successful record in corporate recovery, turn-around and disposals preferably in an international manufacturing or process context and in an environment of change. Experience of mergers, trade sales, industrial financing and emerging markets is desirable.

Contracts, for between one and two years, will probably be on a full-time basis. Salaries and expatriate packages will be highly competitive.

For further details and an application form to be returned by 30th August 1996, please fax one of the following European offices of the Accord Group, who are advisers on this aspect of the Phare programme:

| | | | |
|-----------------------------|------------------------------|-----------------------------|-----------------------------|
| Berlin (49-30) 885 61860 | Brussels (32-2) 242 80 73 | Budapest (36-1) 296 8860 | London (44-171) 631 5317 |
| Madrid (34-1) 984 72 75 | Paris (33-1) 44 43 98 98 | Prague (42-2) 74 2348 | Rome (39-6) 891 4213 |

JOSLIN ROWE

banking recruitment consultants

Senior Treasury Operations Manager c.£45,000

Our client is the City based branch of a major overseas Bank which is currently undergoing significant business growth. This includes actively expanding and developing its treasury business, and in particular its range of derivative products.

As part of its treasury support strategy they are implementing major automation improvements, including 'straight thru processing' systems, and to further strengthen its treasury support capabilities they now wish to recruit a senior treasury back office professional.

The Role

- Responsible for a team of 30+ support staff in all aspects of treasury back office.
- To direct and implement programmes for change as well as identifying opportunities for improvement in operational efficiency and quality assurance.
- To contribute to business development initiatives, provide advice, and maintain liaison with both treasury and other support departments.

The Individual

- Existing treasury operations professional with at least 10 years experience and a proven track record within a major Bank or Financial Institution.
- Good derivative product knowledge as well as a strong understanding of current banking and control systems.
- First class management and communication skills.
- A pro-active self starter at ease in a flexible and challenging environment.

The position reports to the Head of Treasury Operations and is an exciting opportunity for a motivated individual to make a significant contribution within a challenging and dynamic organisation.

Interested candidates should contact
Michelle Bloomfield or submit a Curriculum Vitae to the address below.

Joslin Rowe Associates Ltd Bell Court House 11 Blomfield Street London EC2M 7AY
Telephone 0171 838 5286 Facsimile 0171 382 9417
A Member of the Bloomfield Group

Key roles in an exciting new global venture

FINANCIAL ANALYSTS

Established in July 1995, WorldTel is a transitional, private-sector driven, funding and development company. We bring together client countries, investors and the telecommunications industry through mutually beneficial collaborations on a strictly commercial basis.

We are now seeking to strengthen our London-based team through the following opportunities:

WorldTel
COMMUNICATIONS GROUP

Exceptional packages - London

We are looking for Financial Analysts to provide high quality support to our Project Directors. You will be responsible for financial modelling, cash flow and IRR analysis.

You must be a highly numerate graduate, with an impressive 3-to-5-year record of achievement in financial or investment institutions. Dynamic, creatively-minded and with a thorough understanding of financial modelling techniques, you must be a confident communicator with good teamworking skills and a real flair for negotiation.

These are ideal opportunities to make an early impact on an exciting new venture and the rewards will be truly exceptional.

To apply, please write enclosing full CV and salary details, to: WorldTel Limited, 21 Lombard Street, London EC3P 3AR, Fax: 0171-280 4325.

CREDIT SUISSE FINANCIAL PRODUCTS

Risk Management and Quantitative Analysis

London and Far East

Credit Suisse Financial Products (CSFP) is a market leader in derivatives products enjoying outstanding success as one of the largest providers of risk management products in the world. Awarded the title "Derivatives House of the Year" in 1995, CSFP is committed to reinforcing its culture of excellence based on client service, innovation, creativity, a full product range and global coverage. The Risk Management and Quantitative Analysis department independently analyses and manages the market and credit risks arising out of the trading and marketing activities of the Bank. The department enjoys an exceptionally high profile within the Bank and within the industry and has strong commitment from senior management.

Senior Market Risk Analyst
A new position has been created in the Market Risk Analysis team due to expansion of the area. Working with other Risk Analysts, the successful candidate will be required to develop new risk analysis techniques and to improve the capabilities of the unit as well as enhance relationships inside and outside the bank. The main areas of responsibility will be:

- Close liaison with Marketmakers and Traders in the analysis of market risks on potential new trade types
- Detailed analysis of the risk profiles of exotic trading portfolios
- Management of the production of market risk reports for capital adequacy reporting
- Reporting of risk analysis results to senior management and external industry groups

Successful candidates are likely to fit the following profile: A graduate with a good degree in a numerate discipline, preferably with strong derivative product knowledge from a major investment bank, management consultancy or Big 6 accountancy firm; possess excellent communication skills and have the confidence to discuss complex business issues with senior Front Office personnel, have the ability to assimilate new concepts quickly and respond rapidly and efficiently to requests. This is an excellent opportunity for highly-motivated individuals to join a market leader with an outstanding reputation for the quality of its risk management services and make their mark in a meritocratic environment. The financial and career rewards will reflect the strong contribution expected from the role.

Interested applicants should contact Jason Garner at Robert Walters Associates on 0171 379 3335 (or fax on 0171 915 8714) or write to him, enclosing a curriculum vitae, at 25 Bedford Street, London WC2E 9HP. E-mail: Jason.Garner@robertwalters.com

ROBERT WALTERS ASSOCIATES

L O N D O N W I N N I P S O W N E W Y O R K A M S T E R D A M B R U S S E L S S Y D N E Y W E L L I N G T O N

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ACCOUNTANCY APPOINTMENTS

Roche

Senior Internal Auditor

Our Profile
As an independent appraisal function within the Roche Group, Corporate Auditing performs audits at headquarters and in affiliates worldwide. In this way we assist management in establishing and maintaining a high standard of Internal Control over its business operations. We are a young and dynamic team that acts in a preventive, supporting and consulting capacity.

Your Task
Conduct integrated audits, i.e. stressing operational and IT aspects equally, as a team leader. Advise management regarding proper internal controls as well as effectiveness and efficiency of their operations. Coach and educate team members while furthering your own education, so as to contribute to the high standard of auditing maintained by the department. Based in Basel, the position involves extensive international travel.

Your Profile
You have excellent academic credentials combined with a formal qualification in accountancy (Wirtschaftsprüfer, CPA) and are proficient in German, English and a third language. A minimum of two years relevant business experience in internal or external auditing is required.

Contact Address
The advertised vacancy and related career opportunities will be discussed in detail during a personal interview. If the above profile fits your background and you are interested in this challenging position then please forward your application and curriculum vitae to the attention of Mrs. E. Sims, quoting reference Sms2104, P. Hoffmann, c/o Roche AG, CH-4070 Basel, Switzerland.

Les Echos

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone:

Toby Finden-Crofts
on +44 171 873 3456

Pan-European challenge with the world's No 1

The No 1 Sports company world wide - Nike just goes from strength to strength. Last year was a record breaking financial year for us with combined revenues totalling £6.47 billion for Nike Inc. and a figure of £1.29 billion for Nike Europe.

The challenge for FY '97 is even greater. It's a challenge that's achievable, but we need the right people in place to help us continue this momentum and assist in the implementation of new Pan-European developments. Which is why we are now seeking a high calibre, talented professional in the following role.

European Treasury Manager

Reporting to the Corporate Treasurer, you will provide direction for all treasury operations at our European Headquarters in Hilversum. Developing strong working relationships with our European banks, you will oversee daily cash management whilst implementing a Pan-European banking structure to facilitate our wholesale and retail business across 14+ countries and currencies. Of graduate calibre, your 7+ years' experience in finance will include a minimum of 4 years' spent in a multi-national company within a treasury role. Knowledge of US GAAP is desirable together with a sound working knowledge of FX, including cross rates. A broad understanding of European banking practices is of equal importance, as are strong PC and communication skills. If you relish the challenge of working for the foremost name in the Sports industry, then JUST DO IT! Write or fax enclosing an up-to-date CV and comprehensive covering letter detailing major challenges to date to: Craig Robertson, Recruiter, Nike European Operations Netherlands B.V., Marathon 7, 1213 PD Hilversum, The Netherlands. Confidential fax: 0031 35 6266306. Short listed candidates will be contacted via our retained consultants for this assignment, Robert Walters Associates.

Amsterdam
Excellent salary + benefits



CHIEF ACCOUNTANT

The Salvation Army

London **c£35,000 plus benefits**

The Salvation Army is engaging in a major project to improve its management information and update its financial systems and procedures. In conjunction with this the Army is also seeking to strengthen its Headquarters Finance team in London by recruiting a qualified accountant to the newly created position of Chief Accountant. Responsible to the Managing Director through the Finance Director, the Chief Accountant will be a key person in the implementation of new systems and procedures and will have long term responsibility for the ongoing development of the Army's financial information systems. They will also have responsibility for Headquarters accounting staff. The successful candidate will be a qualified accountant with solid experience of running a large accounts department, management information and accounting systems. Experience with a major national charity and knowledge of charity legislation and reporting requirements would be an advantage. Sympathy with the aims and objectives of the Salvation Army will also be required. Please write with full career details, current salary and a covering letter explaining your reasons for applying and why you are right for this post to:

Kevin Miller
Clark Whitehill Consultants
25 New Street Square, London EC4A 3LN
Closing date for applications is 16 September 1996

ASSISTANT TO GROUP COMPANY SECRETARY

To £50,35,000pa + Benefits N.W. of London

International Public Company

Our client, a highly successful, acquisitive PLC, seeks a Qualified Accountant or Chartered Secretary with significant experience of Company Secretarial work to join its small Head Office team and assist the Group Company Secretary. You will be a highly numerate individual with WP/PC skills who is able to demonstrate flexibility and initiative. Treasury experience would be a distinct advantage. Able to work well with people at all levels in a professional environment, you will be seeking a career development role with a high level of responsibility. Applicants for this challenging role should write to Drax Dearman Associates, Charlotte House, 14 Windmill Street, London W1P 2DY. Fax No: 0171 209 0001, quoting reference FT0062.

DRAX • DEARMAN • ASSOCIATES

FINANCE MANAGER

Significant London Legal Practice

My client
A long established and highly respected firm of solicitors with many international clients and several overseas offices.

The job
Reporting to the Director of Finance & IT, to manage the fully computerised accounts department and to produce all forms of financial information including budgets, management figures and annual accounts incorporating international consolidations. To assist the Director of Finance & IT in various financial projects.

The requirements
A professionally qualified accountant with absolute discretion and experience of the accounting and information needs of professional partnership. Experience of multi-currency accounting is essential. Knowledge of the Solicitors Account Rules and the Elite accounting package are desirable.

The rewards - salary c.£35,000 plus bonus.

If this opportunity may interest you, please write in confidence and with a full CV to Douglas G. Mizon, FCA, FIMC at Mizon Executive, PO Box 51, Hatfield, Herts AL9 7BJ.

MIZON EXECUTIVE

IT City Appointments

IT Senior Appointments

OPTIMA CONNECTIONS

banking

'C', UNIX-EQUITY DERIVATIVES
City £125,000 Bonus + BBs
Working as part of the Equity Derivatives research team, you will be involved in all aspects of quantitative research utilising the technical skills acquired from a systems development background. Candidates will be ideally educated to PhD level in a mathematically based discipline and possess in-depth 'C'/UNIX experience. Specific product knowledge is particularly beneficial.

SYSTEMS DEVELOPERS
City £250,000 Bonus + BBs
One of the City's most technically innovative investment banks, has outstanding opportunities for systems developers. You will be working with the business in a global development environment based on UNIX and NT, optimising your knowledge of C/C++ and UNIX/NT to systems admin level. A first class degree is prerequisite, and Comms experience would be useful.

C/C++, NT-DEBT DERIVATIVES
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One of the top research groups within the City has an opening for a highly numerate developer to work on the development of Analytics and Risk Management Systems. Besides excellent skills in C or C++ on Windows (NT) you will need to demonstrate exceptional problem solving ability coupled with both creativity and enthusiasm.

FIXED INCOME-C++, OLE
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The Fixed Income group of this leading proprietary trading house currently require a solid OO specialist with a thorough understanding of BONDS and IR DERIVATIVES trading. You will have a track record of developing similar trading systems using VCC++ under NT, OLE/OCX or CORBA, and CLASS LIBRARIES.

C++, UNIX-EXOTIC OPTIONS
City £200,000 Bonus + BBs
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OO-PRICE MODELLING
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The Risk Arbitrage group of this leading Securities House requires an exceptional candidate with a solid understanding of financial analytic models and their integration with all instruments. You will combine sound C++ and OO/AD expertise, with experience of BOND YIELD, OAS and YIELD CURVE models, SWAPS/OPTIONS PRICING and IR DERIVATIVES.

For more information on these and other opportunities currently available please contact
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Risk Management - City of London : Packages to £60,000

AFA Systems pic supplies application software to the financial services sector. Their software product, MUSKETEER, provides a broad range of functions based on leading industry standard technologies. We are now looking for consultants to implement and support their products in major financial institutions. Both roles will be to assist in the sales process, to implement software in client environments and provide ongoing support.

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Experienced in Treasury and/or derivatives operations, applicants will have at least 2 years experience in a financial services group or consultancy specialising in this area. Although training will be given, an in-depth understanding of the application is essential.

TECHNICAL CONSULTANTS base to £35k - OTE up to £45k
Experienced in financial systems within a software house, information provider or financial institution, applicants will have a minimum of 2 years experience of Windows NT, Object Oriented design, C++ and SQL Server and/or Sybase.

For all positions a degree of project management skill is essential, plus ability to work unsupervised, and willingness to travel world-wide at short notice - the first 3 months are likely to involve time in South Africa.

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INTERNATIONAL CAPITAL MARKETS

Europe buoyed by German rate cut

By Samer Iskandar and Susanna Voyte

European and US bond markets moved in opposite directions yesterday. German and other continental European markets were buoyed by the Bundesbank's surprise decision to cut its repo rate by 30 basis points to 3 per cent. Although some participants were expecting a cut, few had predicted more than 15 basis points.

GOVERNMENT BONDS

The cut was followed by similar moves to France, Belgium and the Netherlands, reduced pressures in the currency markets, and was generally seen as strengthening the process of convergence ahead of European monetary union.

In the US, Treasury drifted lower in early trading following further signs of stronger economic activity.

Southern Europe's high yielding markets outperformed the others, with Spanish bonds the strongest.

The September bond future closed at 101.21, up 1.03, in the cash market, the 10-year yield spread over bonds tightened by 12 basis points to 249 points.

Hopes of a cut in the Spanish repo rate were raised but

analysts said the central bank might want to link such a move to the presentation of the 1997 budget.

Italy also rallied. Life's September BTP future settled at 118.22, up 0.94. In the cash market the 10-year spread over bonds fell by 10 basis points to 316 points.

Mr Kirt Shah, chief market strategist at Sanwa International, said the performance was mostly led by developments on the currency markets, with the D-Mark weakening against the dollar and other European currencies. He said the decision to ease "provided short-term relief to the markets. But for the convergence process to resume, we still need to see the dollar breaking above DM1.50."

French bonds ended higher, in line with bunds. Maf's September Pibor future totally priced in the rate cut, rising by 0.31 to 98.07. "The Pibor's rise was overdue," said a trader in Paris. "We are likely to see a correction soon."

The September octoal contract settled at 123.90, up 0.60, and the 10-year yield spread over bunds tightened by 1 basis point to 2 points.

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Other countries follow suit

The Bundesbank's decision to cut its repurchase rate was followed by similar moves in several European countries, as well as Canada.

The Bundesbank reduced its repo rate to 3 per cent from 3.30 per cent. It left its key discount and Lombard rates unchanged at 2.50 and 4.50 per cent respectively.

The Banque de France cut its intervention rate to 3.35 per cent from 3.55 per cent, but left its 5-day to 10-day repurchase rate unchanged at 4.75 per cent.

The Dutch central bank lowered its special advances rate to 2.50 per cent from 2.70 per cent, leaving the secured loan rate unchanged at 3 per cent.

The Belgian National Bank cut its leading central (overnight) rate and end-of-day rate by 0.20 to 3 per cent and 4.25 per cent respectively but left its emergency and discount rates at 6 per cent and 2.50 per cent respectively.

The Bank of Canada lowered its overnight rate target range to 3.75-4.25 per cent from 4.00-4.50 per cent.

The US market continued to drift. The release of weekly jobless claims data - up 6,000 to 327,000 - failed to lift the market. "This shows a slightly stronger economy than the market had expected," said Mr Dick Howard at Julius Baer Investments.

The CBOET September T-bond future was trading at 110 1/8 in the early afternoon, down 1/8. This compares with an August peak of 112 1/4.

Traders were divided over the likelihood of further rate cuts. Ms Reed said there was room for another 15 to 20 basis points, as the repo rate remained well above the discount rate, but she warned that bunds could soon come under pressure.

Ms Phyllis Reed, European bond strategist at EFGW, said "the franc is not out of the woods yet". She expects renewed pressure on both OATs and the currency in the run-up to the 1997 budget on September 18.

German bunds rose more modestly. On Life the September bund future rose 0.43 to close at 97.83, well below its high of 98.04.

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UK gilt proved the most immune to the Bundesbank raise out - underlying the country's "de-coupling" from the rest of Europe, said Mr Andrew Roberts at UBS.

He said gilt appeared to be stuck in a range of 107 1/4 to 108 1/4 because while there was a "willingness to take funds out, there was no willingness to push them up."

"People perceive that any data would be used to push through an interest rate cut by the chancellor," Mr Roberts explained. "It is difficult to see us breaking out of this range."

The one bright spot was indexed-linked gilts, which Mr Roberts said were trading well on the back of reports of strengthening consumer confidence. After jumping to 106 1/2, Life's September long gilt future slipped back to close at 107 1/2, up 1/8.

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Further flurry of issues aimed at retail buyers

By Corner Middelmann

The eurobond market had a fairly active day, although most offerings were moderately sized and once again targeted at retail investors, including another flurry of Australian, New Zealand and US dollar deals.

The one exception was a \$300m debt eurobond for Verastar, the Swedish national mortgage agency, which is owned by the government and therefore carries a zero risk weighting under BIS guidelines.

Lead manager Lehman Brothers said the floating-rate notes were targeted at operational and central banks, UK investment managers and banks attracted by the zero risk weighting. At the re-offer price, they yield 10 1/2 per cent, slightly more than Sweden's outstanding notes due 2001, which trade at 11 basis points below Libor.

Another US dollar issue from a Scandinavian borrower, \$100m of two-year

bonds for the Kingdom of Sweden, was aimed at Japanese retail investors switching into US dollars from Australian dollars after the recent fall in interest rates there, said lead manager LTCB International.

INTERNATIONAL BONDS

The New Zealand dollar sector saw two more issues. Although New Zealand yields have followed other markets lower, bonds still offer a yield pick-up over other markets.

"Kiwi dollars are an easy sell right now - investors are switching out of Canadian and US dollars to pick up yield," said one dealer.

There have been 24 eurobond issues worth NZ\$2.25bn this year, compared with four deals worth NZ\$2.60bn last year and two worth NZ\$1.00bn in 1994, according to IFR Securities Data.

Yesterday's transactions were a NZ\$100m issue for tri-

ple-A rated Toyota Motor Credit Corp and a NZ\$100m deal for Canada's Farm Credit Corp, a government-backed mortgage lender.

Toyota's issue was priced to yield 12 basis points below New Zealand's government bond curve. Some felt this was too tight but lead Hambros Bank said it was attractive compared with Kiwi's recent issue, which was launched to yield 10 basis points below and now trades at 15.

Farm Credit's bonds came flat to the New Zealand curve and saw good demand from retail investors in Europe and North America, notably Canada, lead Toronto-Dominion Bank said.

General Motors Acceptance Corp launched its first French franc issue, FF1bn of six-year bonds yielding 40 basis points over government bonds. "We identified some niche demand for intermediate paper with a bit of spread," said an official at Paribas, joint lead manager with BNP.

New international bond issues

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Yield, Spread, Book-runner. Lists various international bond issues including US Dollar, French Franc, and Australian Dollar.

Landmark \$250m loan facility for AsiaSat

By Louise Lucas in Hong Kong

Asia Satellite Telecommunications, the Hong Kong based satellite consortium, has tapped the capital markets for the second time to two months to raise a US\$250m term loan facility with 12 international banks.

held in equal parts by three companies with telecoms interests - Cable and Wireless of the UK, Hutchison Whampoa of Hong Kong, and Citic, China's flagship investment vehicle - was floated on the Hong Kong and New York exchanges in June. The shareholders received an aggregate HK\$2.1bn from the offering.

Yesterday, the lead arrangers called the loan facility a landmark deal for Asia's satellite industry as AsiaSat was able to obtain funding without guarantees from the three big shareholders. Previous deals in the region, such as those for Palapa of Indonesia and APT Satellite in Hong Kong, have required such guarantees.

"It is a sign of the company growing up. It is a symptom of the same thing as the share offering: the company in its own right went public and is borrowing on its own two feet," said Mr Torquil Macleod, associate project finance at HSBC Investment Banking.

The loan has been structured as a hybrid of project and corporate finance, reflecting AsiaSat's youth (it was launched in 1985) and its infrastructure style activities.

The facility is for 7 1/2 years and will be used for general working capital. The lead arrangers are Fuji Bank, JP Morgan Securities Asia, HSBC Investment Bank Asia, and Paribas Asia.

WORLD BOND PRICES

Table with columns: Country, Coupon, Red Date, Price, Day's change, Yield, Week ago, Month ago. Lists benchmark government bonds for Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, and US Treasury.

BOND FUTURES OPTIONS (LIFE) DM250,000 points of 100%

Table with columns: Strike Price, Sep, Oct, Nov, Dec, Sep, Oct, Nov, Dec. Lists bond futures options for CALLS and PUTS.

EURO BOND FUTURES (LIFE) \$50,000 points of 100%

Table with columns: Strike Price, Sep, Oct, Nov, Dec, Sep, Oct, Nov, Dec. Lists Euro bond futures options for CALLS and PUTS.

NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES

Table with columns: Open, Sep, Oct, Nov, Dec, High, Low, Est. vol., Open Int. Lists notional Italian government bond futures.

NOTIONAL SPANISH BOND FUTURES (METF)

Table with columns: Open, Sep, Oct, Nov, Dec, High, Low, Est. vol., Open Int. Lists notional Spanish bond futures.

FT-ACTUARIES FIXED INTEREST INDICES

Table with columns: Price Index, UK Gilts, 1 Up to 5 years, 2 5-15 years, 3 Over 15 years, 4 Intermediate, 5 All stocks. Lists fixed interest indices.

FT FIXED INTEREST INDICES

Table with columns: Govt. Secs, Fixed Interest, 1-5 years, 5-10 years, 10-15 years, 15-20 years, 20-25 years, 25-30 years, 30+ years. Lists fixed interest indices.

FT/ISMA INTERNATIONAL BOND SERVICE

Table with columns: Issued, Bid, Offer, Ctg, Yield. Lists international bond service data.

OIL EDGED ACTIVITY INDICES

Table with columns: Govt. Secs, Fixed Interest, 1-5 years, 5-10 years, 10-15 years, 15-20 years, 20-25 years, 25-30 years, 30+ years. Lists oil edged activity indices.

CONVERTIBLE BONDS

Table with columns: Issued, Price, Bid, Offer, Yield. Lists convertible bonds.

DEUTSCHE MARK STRAIGHTS

Table with columns: Issued, Bid, Offer, Ctg, Yield. Lists Deutsche Mark Straights.

OTHER FIXED INTEREST

Table with columns: Issued, Bid, Offer, Ctg, Yield. Lists other fixed interest instruments.

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Table with columns: Issued, Bid, Offer, Ctg, Yield. Lists other fixed interest instruments.

US INTEREST RATES

Table with columns: Label, Treasury Bills and Bond Yields, One month, Three month, Six month, One year, Two year, Three year, Five year, Ten year, Thirty year. Lists US interest rates.

BOND FUTURES AND OPTIONS

Table with columns: France, Notional French Bond Futures (MATIF) FF500,000. Lists bond futures and options for France.

Germany

Table with columns: Notional German Bond Futures (LIFE) DM250,000 points of 100%. Lists German bond futures.

UK GILTS PRICES

Table with columns: Short's (Last up to Five Years), 12m, 18m, 24m, 30m, 36m, 42m, 48m, 54m, 60m, 66m, 72m, 78m, 84m, 90m, 96m, 102m, 108m, 114m, 120m. Lists UK gilt prices.

US TREASURY BOND FUTURES (CBT) \$100,000 points of 100%

Table with columns: Open, Sep, Oct, Nov, Dec, High, Low, Est. vol., Open Int. Lists US Treasury bond futures.

Japan

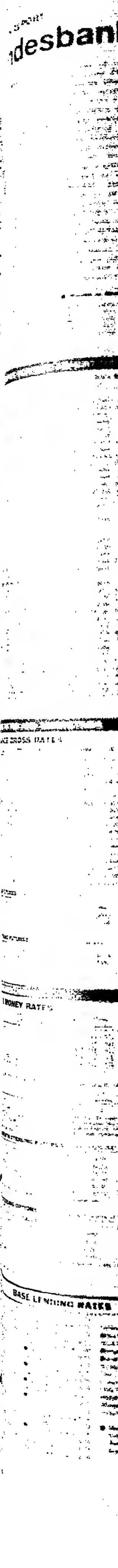
Table with columns: Notional Long Term Japanese Govt. Bond Futures (LIFE) ¥100m points of 100%. Lists Japanese government bond futures.

Other Fixed Interest

Table with columns: Issued, Bid, Offer, Ctg, Yield. Lists other fixed interest instruments.

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MARKETS REPORT

Bundesbank move sets off flurry of rate cuts

Richard Adams

The Bundesbank showed it had lost none of its ability to surprise markets yesterday, with an aggressive interest rate cut that drove down the value of the D-Mark and sparked similar moves in other countries.

The German central bank cut its securities repurchase rate - or repo rate - by 30 basis points to 3.0 per cent, a far greater reduction than most analysts had predicted.

Mr Hans Thiermeyer, Bundesbank president, later said the recent broad money supply measure had been decisive in the bank's decision.

Central banks in France, Austria, Holland and Belgium quickly took the opportunity to cut their equivalent interest rates.

The German rate cut pressed off the French franc, which strengthened to FF3.408 against the D-Mark at close of trading in London, from FF3.421 at the previous close.

The dollar on expectations that the Bank of Greece might cut rates today and on the announcement yesterday of a snap general election.

The Bundesbank knows how to move markets. After the bank's decision to leave rates unchanged last month, yesterday's dramatic cut to a historic low for the repo rate was unexpected.

But will they cut again? Opinions in the market are divided over whether the 3.0 per cent level is the bottom, or whether the bank has any room for more cuts.

Ms Alison Cottrell, international economist at Paine Webber in London, thinks the central bank will be able to make repo rate reductions over the next two months.

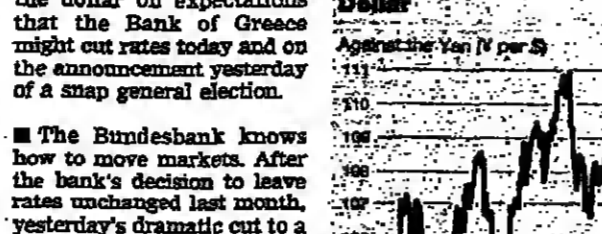
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Against the Yen (¥ per \$)

The pace of recovery is so weak, Mr Nordfeld said.

The first beneficiary of Germany's repo cut was France. The Bank of France responded to the Bundesbank's move by reducing its intervention rate to 3.35 per cent, from 3.5 per cent, and the franc began to look much healthier.

Austria reduced its key short-term rate to 3.20 per cent from 3.4 per cent, and its repo rate to 3 per cent from 3.2 per cent.

The Canadian dollar ended at C\$1.571 after the cut, little changed from the previous close of C\$1.573.

Many analysts were surprised that the US dollar did not seem to benefit from the D-Mark's fall to a greater extent. Top of the range expectations in the short term seem to be around DM1.52, but since the dollar

failed to make it through DM1.50 yesterday, some were questioning why. "We've seen a tremendous amount of dollar buying today, and it's worrying that it was only up by a pfennig," said Mr Avinash Persaud, currency strategist at JP Morgan in London.

"If it's not going to rally on this news, then what will it rally on?"

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WORLD INTEREST RATES

Table of Money Rates for various countries including Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Sweden, Switzerland, and Japan.

Table of LIBOR FT London Money Rates for various currencies including US Dollar, Swiss Franc, and Japanese Yen.

Table of Euro Currency Interest Rates for various countries including Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Sweden, Switzerland, and Japan.

Table of Other Currencies including Argentina, Brazil, Canada, Hong Kong, India, Israel, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, South Africa, South Korea, Taiwan, Thailand, and USA.

POUND SPOT FORWARD AGAINST THE POUND

Table showing closing, change, bid/offer, and forward rates for various currencies against the pound.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table showing closing, change, bid/offer, and forward rates for various currencies against the dollar.

CRISIS RATES AND DERIVATIVES

Table of Exchange Cross Rates for various currencies.

FRANK FUTURES (MM) DM 125,000 per DM

Table of Frank Futures prices for September and December.

FREE FRANK FUTURES (MM) SF 125,000 per SF

Table of Free Frank Futures prices for September and December.

LIBOR INTEREST RATES

Table of London Money Rates for various currencies.

EMU EUROPEAN CURRENCY UNIT RATES

Table of EMU European Currency Unit rates for various countries.

SHORT STERLING OPTIONS (LFF) £500,000 points of 100%

Table of Short Sterling Options prices for various currencies.

BASE LENDING RATES

Table of Base Lending Rates for various banks and currencies.

St. George Bank Limited advertisement for U.S. \$75,000,000 Floating Rate Notes due 2000.

Hongkong Bank advertisement for U.S. \$400,000,000 Primary Capital Undated Floating Rate Notes.

The Chase Manhattan Corporation advertisement for U.S. \$250,000,000 Floating Rate Subordinated Notes due 2000.

Canadian Imperial Bank of Commerce advertisement for U.S. \$250,000,000 Floating Rate Subordinated Capital Debentures due 2005.

Sakura Finance Hongkong Limited advertisement for U.S. \$100,000,000 Guaranteed Floating Rate Notes due 1997.

American Express Travel Related Services Company, Inc. advertisement for U.S. \$125,000,000 Floating Rate Notes due 1998.

Creditanstalt Bankverein advertisement for U.S. \$100,000,000 Subordinated Collateral Floating Rate Notes due 2005.

European Investment Bank advertisement for U.S. \$200,000,000 Floating Rate Notes due 1997.

COMMODITIES AND AGRICULTURE

'Gang warfare' closes Tajik aluminium plant'

By Sander Thoenes in Almaty, Kazakhstan

Gang warfare and chronic cash shortages have forced the Tursunzade aluminium smelter in Tajikistan, one of the largest in the former Soviet Union, to suspend its operations...



gangs for control of the industrial town of Tursunzade. All communication with the town was lost earlier this week but reporters in the capital, Dushanbe, 50km to the east, said shooting between the two gangs had since subsided...

the plant had produced 16,000 tonnes of aluminium in June and more than 100,000 during the first half of 1996, down 15 per cent from the same period in 1995...

of the town. One group demanded that the mayor of Tursunzade be sacked after eight of its members were killed three weeks ago. The group fled into the hills but has made numerous attacks since, killing a leader of their opponents earlier this week...

the latest dispute. Imports of alumina from neighbouring Russia cost the republic almost as much as it makes from exports of aluminium, and rising energy costs ensure that production is unprofitable...

Can recycling continues to climb outside US

By Kenneth Gooding, Mining Correspondent

Aluminium beverage can recycling rates - which the aluminium industry promotes heavily to give itself a "green" image - continued to climb last year in Europe and Japan but seem to have reached a plateau in the US...

and back to cans again) they save as much as 95 per cent of the energy needed to produce new aluminium. Also, the capital cost of a recycling plant is only one tenth of that for a smelter...

five years ahead of the official schedule, the minimum recycling targets set by the European Union Directive on Packaging and Packaging Waste...

This result puts Japan's recycling rate above that of the US for the first time. In the States the rate dipped slightly last year compared with 1994 to 62.3 per cent...

The industry remains determined to push the rate ever upward. The US Aluminium Association says it is still committed to recycling every aluminium can while it can.

used as an educational tool to address environmental and recycling issues and acts as a catalyst to resource savings and recycling in general, creating jobs and businesses in the recycling sector...

Venalum makes peace gesture to Japanese partners

By Ray Collitt in Caracas

In a move apparently intended to overcome a seven-month-old row with its Japanese partners, the Venezuelan state aluminium refiner Venalum, which is earmarked for privatisation later this year, plans to ship 14,000 tonnes of ingot to Japan in early September...

member delegation of Venezuelan government authorities and Venalum representatives are scheduled to arrive in Tokyo for negotiations over veto rights of the Japanese consortium, which holds a 20 per cent share in Venalum...

reports that the government could threaten to expropriate the Japanese consortium if it refused to sell its veto right. One alternative reported to be under consideration is to compensate the Japanese partners with larger annual shipments of aluminium...

pressure them their rights of veto, which the government said, would reduce the company's value when it was put up for sale. Venalum argued, moreover, that its commercial agreement with the Japanese investors had expired in December...

Corporación de Guayana (CVG), the state holding company, which was subsequently removed. The Japanese consortium, which is made up of Showa Denko, Kobe Steel, Sumitomo Chemical Company and the Mitsubishi Metal Corporation, has held a share in Venalum since the company's establishment in 1974...

complex that is to be privatised towards the end of the year. Its administration was merged with CVG Bauxilum, which has a capacity to mine 5.36m tonnes of bauxite a year and to produce 2m tonnes of refined aluminium...

COMMODITIES PRICES

BASE METALS

Table of base metal prices including London Metal Exchange and various grades of aluminium, zinc, and copper.

Precious Metals continued

Table of precious metal prices including Gold, Silver, and Platinum.

GRAINS AND OIL SEEDS

Table of grain and oil seed prices including Wheat, Maize, and Soybeans.

SOFTS

Table of soft commodity prices including Cocoa and Coffee.

MEAT AND LIVESTOCK

Table of meat and livestock prices including Live Cattle, Live Hogs, and Pork Bellies.

PRECIOUS METALS

Table of precious metal market prices including London Bullion Market and various metal grades.

UNLEADED GASOLINE

Table of unleaded gasoline prices in various regions.

FUTURES DATA

Table of futures data for various commodities.

INDICES

Table of various market indices.

Shanghai warehouses 'hold copper market key'

By Kenneth Gooding, Mining Correspondent

Short term copper prices depend on the fate of about 85,000 tonnes of the metal in Shanghai warehouses, LME warehouses in London and Metal Exchange warehouses in the past two months...

that the Stockpile will not take the 85,000 tonnes back until early 1997, he adds. Expressing the frustration felt by many market analysts, Mr Hollands says: 'We do not know enough about the 85,000 tonnes in Shanghai. Why was it taken out of LME warehouses for immediate supplies of copper for immediate delivery were tight? What motivated and what not motivated the owners? What exactly has CNIEC agreed with the stockpile over timing? Under what conditions would this material be sold into the domestic or export market now and bought back later? What, if any, is the strategic purpose of the Strategic Stockpile?'

Mr Alexander Wirtz, general manager of Acrc, suggests aluminium can recycling has wider benefits. 'It greatly enhances the environmental awareness of the public because of its high visibility,' he insists. 'This leads to changes in consumer behaviour. It is being determined to push the rate ever upward. The US Aluminium Association says it is still committed to recycling every aluminium can while it can.'

Mr Hollands suggests that much of copper's price weakness in the past few months was caused by the Sumitomo affair. He points out that no firm information is available about Sumitomo's remaining copper futures position 'but any continuing exposure is at least in part counterbalanced by the remaining large short positions in some of the investment funds. These were originally concentrated in August but some have since been rolled forward into September. This is causing general wariness in the trade over the possibility of another squeeze developing in September, though few would expect it to be long-lived.'

used as an educational tool to address environmental and recycling issues and acts as a catalyst to resource savings and recycling in general, creating jobs and businesses in the recycling sector. Acrc was set up in 1994 and its members are Alcan of Canada, Alcoa and Reynolds of the US, Pechiney of France and VAW of Germany. In their own countries, Elval of Greece, Aluminus of Switzerland, Inespal of Spain and Granges of Sweden support Acrc's efforts.

BME forecasts a global copper surplus of 15,000 tonnes this year following last year's 85,000-tonne deficit. The surplus is seen rising to 250,000 tonnes in 1997. Copper Briefing Service ENR or US\$1.10 a year from ENR, 70 Marchmont Street, London WC1N 1AB, UK

JOTTER PAD - Grid for taking notes.

CROSSWORD

Crossword puzzle grid and clues. Clues include: 1 Footballers and economists reckon it's a lie (5,7), 10 Suffer, therefore, and in Germany first (7), 11 Unusual, if crucial, match (7), 12 Laughs at male with sock off (5), 13 Hardy girl about to dance when the elders have disappointed (8), 14 The pedicure horses stood apart in the group... (10), 15 ... but have a disadvantage in the race (8), 16 Stop criminals getting caught (7), 17 Chinese rates fluctuate between two points (7), 18 Said in France to be the same (5), 19 Within the traditional tonic-sofa range (4).

Table of London Traded Options and London Spot Markets, including various commodity prices and market indices.

Handwritten note in Arabic script.

سكنا من الامل

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (44 171) 673 4378 for more details.

Offshore Funds

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various offshore funds under Bermuda (SIB RECOGNISED) with columns for fund name, price, and change.

BERMUDA (REGULATED)

Table listing various offshore funds under Bermuda (REGULATED) with columns for fund name, price, and change.

GUERNSEY (REGULATED)

Table listing various offshore funds under Guernsey (REGULATED) with columns for fund name, price, and change.

GUERNSEY (SIB RECOGNISED)

Table listing various offshore funds under Guernsey (SIB RECOGNISED) with columns for fund name, price, and change.

Table listing various offshore funds in the middle-left column with columns for fund name, price, and change.

IRELAND (SIB RECOGNISED)

Table listing various offshore funds under Ireland (SIB RECOGNISED) with columns for fund name, price, and change.

IRELAND (REGULATED)

Table listing various offshore funds under Ireland (REGULATED) with columns for fund name, price, and change.

IRELAND (SIB RECOGNISED)

Table listing various offshore funds under Ireland (SIB RECOGNISED) with columns for fund name, price, and change.

Table listing various offshore funds in the middle-right column with columns for fund name, price, and change.

IRELAND (REGULATED)

Table listing various offshore funds under Ireland (REGULATED) with columns for fund name, price, and change.

IRELAND (SIB RECOGNISED)

Table listing various offshore funds under Ireland (SIB RECOGNISED) with columns for fund name, price, and change.

IRELAND (REGULATED)

Table listing various offshore funds under Ireland (REGULATED) with columns for fund name, price, and change.

Table listing various offshore funds in the right-middle column with columns for fund name, price, and change.

ISLE OF MAN (SIB RECOGNISED)

Table listing various offshore funds under Isle of Man (SIB RECOGNISED) with columns for fund name, price, and change.

ISLE OF MAN (REGULATED)

Table listing various offshore funds under Isle of Man (REGULATED) with columns for fund name, price, and change.

ISLE OF MAN (SIB RECOGNISED)

Table listing various offshore funds under Isle of Man (SIB RECOGNISED) with columns for fund name, price, and change.

Table listing various offshore funds in the far-right column with columns for fund name, price, and change.

JERSEY (REGULATED)

Table listing various offshore funds under Jersey (REGULATED) with columns for fund name, price, and change.

JERSEY (SIB RECOGNISED)

Table listing various offshore funds under Jersey (SIB RECOGNISED) with columns for fund name, price, and change.

JERSEY (SIB RECOGNISED)

Table listing various offshore funds under Jersey (SIB RECOGNISED) with columns for fund name, price, and change.

GUCCI advertisement featuring a watch and text: 'GUCCI THEREFORE ARE AVAILABLE FROM GUCCI BOND STREET W1, GUCCI SLOANE STREET SW1, HARGREAVES AND SPENCER, ALSO AT SELECTED JEWELLERS, WALKER AND HALL, WATCHES OF SWITZERLAND, MARTIN WEBB, BEAVERBROOKS AND OTHER FINE JEWELLERS.'

Shanghai warehouses hold copper market key

CROSSWORD

Offshore Funds and Insurances

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4878 for more details.

FT MANAGED FUNDS SERVICE

LUXEMBOURG

Main table containing fund names, descriptions, and performance metrics for Luxembourg funds. Includes sub-sections like 'Royal Bank of Scotland Fds', 'Fidelity Funds', 'Merrill Lynch Asset Management', etc.

OFFSHORE INSURANCES

Table listing offshore insurance products, including company names, policy types, and contact information.

Handwritten Arabic text: 'مركز الاستثمار'

صحة من العمل

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 874 4878 for more details.

Offshore Insurances and Other Funds

Main table containing various fund names, prices, and performance metrics. Includes sections for 'Other Offshore Funds' and 'Managed Funds'.

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MANAGED FUNDS NOTES. Please see the notes on the reverse side of this page. The fund manager's investment objective and strategy are set out in the prospectus. The fund manager's investment objective and strategy are set out in the prospectus.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

| Company | Price |
|---------|-------|
| ... | ... |
| ... | ... |

BANKS, MERCHANT

| Company | Price |
|---------|-------|
| ... | ... |

BANKS, RETAIL

| Company | Price |
|---------|-------|
| ... | ... |

BREWERIES, PUBS & REST

| Company | Price |
|---------|-------|
| ... | ... |

BUILDING & CONSTRUCTION

| Company | Price |
|---------|-------|
| ... | ... |

BUILDING MATS. & MERCHANTS

| Company | Price |
|---------|-------|
| ... | ... |

CHEMICALS

| Company | Price |
|---------|-------|
| ... | ... |

CHEMICALS - Cont.

| Company | Price |
|---------|-------|
| ... | ... |

DISTRIBUTORS

| Company | Price |
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DIVERSIFIED INDUSTRIALS

| Company | Price |
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| ... | ... |

ELECTRICITY

| Company | Price |
|---------|-------|
| ... | ... |

ELECTRONIC & ELECTRICAL EQPT

| Company | Price |
|---------|-------|
| ... | ... |

ELECTRONIC & ELECTRICAL EQPT - Cont.

| Company | Price |
|---------|-------|
| ... | ... |

ENGINEERING

| Company | Price |
|---------|-------|
| ... | ... |

ENGINEERING - Cont.

| Company | Price |
|---------|-------|
| ... | ... |

ENGINEERING, VEHICLES

| Company | Price |
|---------|-------|
| ... | ... |

EXTRACTIVE INDUSTRIES

| Company | Price |
|---------|-------|
| ... | ... |

EXTRACTIVE INDUSTRIES - Cont.

| Company | Price |
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ENGINEERING

| Company | Price |
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ENGINEERING - Cont.

| Company | Price |
|---------|-------|
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ENGINEERING, VEHICLES

| Company | Price |
|---------|-------|
| ... | ... |

EXTRACTIVE INDUSTRIES

| Company | Price |
|---------|-------|
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HOUSEHOLD GOODS - Cont.

| Company | Price |
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INSURANCE

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INSURANCE

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INSURANCE

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INSURANCE

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INVESTMENT TRUSTS - Cont.

| Company | Price |
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INVESTMENT TRUSTS

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|---------|-------|
| ... | ... |

INVESTMENT TRUSTS

| Company | Price |
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INVESTMENT TRUSTS

| Company | Price |
|---------|-------|
| ... | ... |

INVESTMENT TRUSTS

| Company | Price |
|---------|-------|
| ... | ... |

On TIME.

صكنا من الاصل

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for name, price, and change.

LEISURE & HOTELS - Cont.

Table listing leisure and hotels companies with columns for name, price, and change.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for name, price, and change.

PROPERTY - Cont.

Table listing property companies with columns for name, price, and change.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for name, price, and change.

AIM - Cont.

Table listing companies on the Alternative Investment Market (AIM) with columns for name, price, and change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for name, price, and change.

LIFE ASSURANCE

Table listing life assurance companies with columns for name, price, and change.

RETAILERS, FOOD

Table listing food retailers with columns for name, price, and change.

RETAILERS, GENERAL

Table listing general retailers with columns for name, price, and change.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for name, price, and change.

AMERICANS

Table listing American companies with columns for name, price, and change.

INVESTMENT COMPANIES

Table listing investment companies with columns for name, price, and change.

MEDIA

Table listing media companies with columns for name, price, and change.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for name, price, and change.

PROPERTY

Table listing property companies with columns for name, price, and change.

TOBACCO

Table listing tobacco companies with columns for name, price, and change.

CANADIANS

Table listing Canadian companies with columns for name, price, and change.

LEISURE & HOTELS

Table listing leisure and hotels companies with columns for name, price, and change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for name, price, and change.

PROPERTY - Cont.

Table listing property companies with columns for name, price, and change.

SUPPORT SERVICES

Table listing support services companies with columns for name, price, and change.

WATER

Table listing water companies with columns for name, price, and change.

SOUTH AFRICANS

Table listing South African companies with columns for name, price, and change.

By meeting customer needs, Rockwell has become a world leader in components and systems for cars, trucks and trailers.



GUIDE TO LONDON SHARE SERVICE

Notes for the London Share Service delivered by FT Ltd, a member of the Financial Times Group. Company classifications are based on those used for the FT-SE Actuaries Share Index.

LONDON STOCK EXCHANGE

MARKET REPORT

Another record closing high for Footsie

By Steve Thompson, UK Stock Market Editor

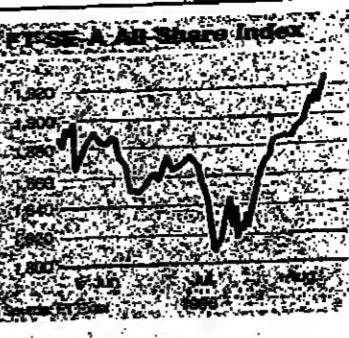
A revival of confidence in international bond markets following the decision of the Bundesbank Council to reduce its repo rate quickly lifted share markets and saw many of London's leading stocks power ahead to new records yesterday.

Strategists said there was widespread relief as the news became known. The Bundesbank move was said to have been put in jeopardy by a stronger-than-expected survey of business confidence in Germany on Wednesday, which was followed by a sharp sell-off in bonds and UK gilts.

Second line stocks were also being chased higher, with the FT-SE Mid 250 index closing 15.1 ahead at 4,602.5.

A fresh and severe fall in shares in BAT Industries, the tobacco and insurance group, after yet more bearish news from the US, upset sentiment in London. BAT shares have fallen 18 per cent this month.

Prudential caught the eye on the upside, as dealers noted extremely heavy trading in the options and the underlying stock ahead of results expected next month. Talk of potential Euro-pru mergers and a trade sale of Pru's Mercantile & General subsidiary were greeted with scepticism.



Equity shares traded: turnover by volume (million), including overseas business and overseas turnover. The graph shows a significant increase in trading volume in late August 1996.

Indices and ratios table showing FT-SE 100, FT-SE Mid 250, FT-SE-A 350, FT-SE-A All-Share, and FT-SE-A All-Share yield with their respective values and changes.

Best performing sectors table listing Life Assurance, Building Materials, Gas Distribution, and Telecommunications with their percentage changes.

Worst performing sectors table listing Tobacco & Apparel, Consumer Goods, Electronic & Elec, and Paper & Pkg & Printing with their percentage changes.

US news batters BATs

News that BAT Industries is prepared to fight US proposals to make tobacco a regulated drug, did little to allay fears about the likely impact of such a move and sent the group's shares falling sharply.

By the end of the session, the stock had lost more than 5 per cent of its value after falling 2.4 to 422p. It was the day's sharpest decline in the Footsie and sent BAT to a new low for the year.

whole tobacco industry will fight them all the way. Fears that the poor sentiment in BAT would spread to Hanson, which is about to demerge its Imperial Tobacco business, proved unfounded.

However, more cautious market specialists suggested none of the above was likely and instead attributed the sharp rise in the share price to a shortage of stock.

Mr Richard Brown's review might lead to the disposal of some of its businesses. Such a step, if it happened, would unlock more value, analysts said.

The hulls in Rentokil Group gained the upper hand after the support services company reported interim figures. The shares jumped 10 to 419p.

more relaxed rules suggested by Oigas for British Gas earlier this week. Shares in the latter ended the session 3 1/2 higher at 207p, after a drop of 10m.

Diverted industrial Bradford fell 13 to 185p following a vote by workers at its Magnet kitchen factory at Darlington in favour of industrial action.

There was profit taking at EMI Group, which fell 19 to 146 1/2p while News International dropped 14 to 348p following its full year results.

There was a certain amount of relief, with the stock having fallen recently, the analyst said. There had been a reassuring meeting with analysts. Nevertheless, Credit Lyonnais Laing shaved its full-year forecast to 245m from 248m while BZW reduced its forecast by six per cent to 551m.

Unigate firmed 7 to 439p, Northern Foods rose 5 to 210p and Robert Wiseman hardened one penny to 175p.

There was a certain amount of relief, with the stock having fallen recently, the analyst said. There had been a reassuring meeting with analysts. Nevertheless, Credit Lyonnais Laing shaved its full-year forecast to 245m from 248m while BZW reduced its forecast by six per cent to 551m.

COMMERCIAL PROPERTY

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FT-SE Actuaries Share Indices

Table showing FT-SE Actuaries Share Indices for various sectors like FT-SE 100, FT-SE Mid 250, FT-SE-A 350, etc.

FT-SE Actuaries All-Share

Table showing FT-SE Actuaries All-Share indices for various sectors like 10 MINERAL EXTRACTION, 11 Extractive Industries, etc.

Hourly movements

Table showing hourly movements for FT-SE 100, FT-SE Mid 250, FT-SE-A 350.

FT-SE Actuaries 350 Industry baskets

Table showing FT-SE Actuaries 350 Industry baskets for various sectors like Big & Creston, Pharmaceuticals, etc.

FT CITYLINE

Table showing FT CITYLINE sector reports by Fax, including Retailers and other sectors.

FUTURES AND OPTIONS

Table showing FT-SE 100 INDEX FUTURES (LIFFE) and FT-SE MID 250 INDEX FUTURES (LIFFE) with prices and changes.

Table showing FT-SE 100 INDEX OPTION (LIFFE) and EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) with prices and changes.

Table showing LONDON RECENT ISSUES: EQUITIES with details on new issues and their prices.

Table showing FT GOLD MINES INDEX with prices and changes for various gold mining stocks.

Table showing TRADING VOLUME: Major Stocks Yesterday with trading volumes and price changes.

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Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

Main table of world stock markets with columns for region (EUROPE, PACIFIC, etc.), country, and stock symbols with their respective prices and changes.

Advertisement for Pergrine: 'Fixed on Asian Income'. Text: 'Pergrine has the largest team of professionals dedicated to the origination and distribution of Asian fixed income securities. PERGRINE Asian focus, global distribution.'

INDICES section containing various market indices like Nikkei, Dow Jones, and regional indices with their values and changes.

US INDICES section containing US market indices like Dow Jones, S&P 500, and NYSE Active Stocks.

AFRICA and NORTH AMERICA sections containing stock market data for South Africa and Toronto.

etley deal



Porte bids

Small text at the bottom left corner, possibly a page number or reference.

NEW YORK STOCK EXCHANGE PRICES

4 pm local August 23

Main table of stock prices with columns for stock symbols, prices, and changes. Includes sub-sections for 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

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Continued on next page

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NYSE PRICES

NASDAQ NATIONAL MARKET

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page', 'T', 'U', and 'V'.

Table of NASDAQ National Market stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page', 'W', 'X', 'Y', and 'Z'.

AMEX PRICES

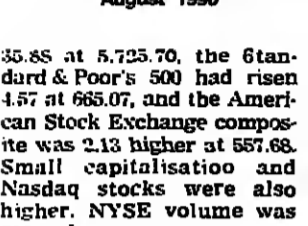
Table of AMEX stock prices including columns for stock name, price, change, and volume.

Advertisement for German FT hand delivery service. Text: 'Have your FT hand delivered in Germany. Gain the edge over your competitors by having the Financial Times delivered to your home or office every working day. Hand delivery services are available for subscribers in all major cities throughout Germany. Please call 0180-25354 8 for more information. Financial Times. World Business Newspaper.'

Continuation of stock price tables from the NYSE and NASDAQ sections, including sub-sections for 'Continued from previous page', 'A', 'B', 'C', 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', and 'Z'.

AMERICA Dow climbs, tobaccos still in ferment

US stocks were posting some of their strongest gains of the month yesterday morning in the wake of a rally in Europe spurred by the German rate cut...



Tobacco stocks had a volatile morning on continuing worries about the possible outcome of an anti-smoking law suit being heard in an Indiana court this week...

Buying lifts S Africa

Industrial shares in Johannesburg closed at intraday highs, helped both by offshore and local buying. After selling almost 120m worth of shares in the past two sessions, foreign institutions rekindled their interest by buying blue chips.

Buenos Aires steady

After Wednesday's 3.4 per cent fall BUENOS AIRES was holding its own in mid-session trading. The Merval index was up 1.19 at 4982.25.

EUROPE Interest rate cuts attract lukewarm response

Bourses rose on the rate cuts from the Bundesbank and the Bank of France, but they seemed somewhat tepid in their response. FRANKFURT, for example, was looking at a gain of more than 50 basis points in bond futures...

and Total added FF6.70 or 1.8 per cent to FF977.00 on similarly good sales figures. ZURICH followed the Frankfurt line, the SMI index rising 29.2 to 3,713.10 but the big moves coming in individual situations...

of FI 3.10 to FI 83.40, after a high of FI 83.80. The group upgraded its forecast for the full year after showing a 16 per cent improvement in first half net profit.

ASIA PACIFIC Nikkei rises as Wellington strikes 10 month high

Tokyo Toronto scraped another rise at noon as the Bank of Canada followed Europe with a 25 basis point cut in its key rate. The TSE 300 composite index lifted by a near-percentage point gain in volume...

SEoul, unrelentingly bearish, decided that a government-backed package of stock market reforms was unlikely to bring buyers back into the market and the composite index fell 8.40 to 897.8, its lowest since November 10, 1993.

time in six trading days. The All Ordinaries index lost 11.4 to 2,274.6. Banks were mostly lower; Commonwealth Bank of Australia slipped 5 cents to \$11.10 and National Australia Bank by 19 cents to \$9.12.

FT-SE Actuaries World Indices

Table with columns for Index Name, Daily Change, and % Change. Includes FT-SE 100, FT-SE 250, FT-SE 350, and various regional indices.

Secondo Electric



SEoul, unrelentingly bearish, decided that a government-backed package of stock market reforms was unlikely to bring buyers back into the market...

Businesses for Sale

By Order of the Joint Administrative Receiver 5 Frenley Road, London E15 2JH. DESIGNERS/MANUFACTURERS OF MACHINERY FOR CLOTHING INDUSTRY

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION. NOTICE IS HEREBY GIVEN that a Petition was on the 9th May 1996 presented to Her Majesty's High Court of Justice in England by Christal Medical and General Life Assurance Society (the "Society")...

Notice to Noteholders of The Export-Import Bank of Korea

U.S. \$100,000,000 Floating Rate Notes due 1997. The Fiscal Agent wishes to advise Noteholders under the captioned issue that redemption notices for payment on the 25th September, 1996 should be lodged with themselves by no later than 17:00 hours (New York time) on the 26th August, 1996.

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Subordinated Floating Rate Notes due 1997. In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the interest period from August 23, 1996 to February 24, 1997 the Notes will carry an interest rate of 5.921975 per annum.

LEGAL NOTICES

INSOLVENCY ACT 1986. MILLENNIA 2 GAMES LIMITED. NOTICE is hereby given pursuant to Section 96 of the Insolvency Act 1986 that a Meeting of Creditors of the above named Company will be held at 10:00 am on 23 August 1996 at 11, 12th Floor, Westpac Building, 111 Queen Street, Auckland.

Table with columns for Index Name, Daily Change, and % Change. Includes FT-SE 100, FT-SE 250, FT-SE 350, and various regional indices.

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By Order of the Board, J. ANDERSON Director.

